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CONSUMER
BANKERS
ASSOCIATION

1992 AUTOMOBILE FINANCE STUDY

AN
ANALYSIS
OF THE
DECEMBER
1991
SURVEY

Conducted by the Credit Research Center
Krannert Graduate School of Management
Purdue University

Dr. Michael E. Staten, Executive Director
Dr. Robert W. Johnson, Senior Research
Associate

CBA CONSUMER BANKERS ASSOCIATION

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Consumer Bankers Association

The Consumer Bankers Association was founded in 1919 to provide a progressive voice for the retail banking industry. CBA represents approximately 800 federally insured banks and thrift institutions that hold more than 80 percent of all consumer deposits, and more than 70 percent of all consumer credit held by federally insured depository institutions.

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INTRODUCTION TO THE 1991 SURVEY AND SAMPLE

The 1991 Automobile Finance Survey continues an annual series of membership surveys sponsored by the Consumer Bankers Association to provide industry-wide benchmarks on automobile lending and leasing operations. The 1991 Survey was distributed by the Consumer Banker's Association to over 400 member institutions. Surveys were mailed in late December, 1991. The survey instrument consisted of three separate and distinct sections, covering automobile financing, floorplanning and leasing operations. A shorter introductory section requested background information on each institution's size, geographical operations and plans for its auto finance business in the future.[1] Participants were asked to return their surveys to the Credit Research Center (CRC) at Purdue University by early February, 1992. CRC was commissioned to tabulate and analyze the responses for purposes of preparing this report.

CHANGES MADE IN THE 1991 AUTOMOBILE FINANCE SURVEY FORMAT

A major change in this year's survey was the deletion of questions that addressed direct automobile lending. The CBA Automobile Finance Committee elected to streamline the survey questionnaire by focusing on indirect lending. For several years, the share of bank auto lending generated as direct loans has been declining. Last year's CBA Auto Finance Survey revealed that 80 percent of respondent's automobile loan volume was generated indirectly at dealerships. This statistic was recently confirmed by the American Banker's Association 1991 survey of installment lending, which showed that 80 - 82 percent of the dollar volume of auto loans originated during 1991 were indirect.

This year's Automobile Finance Survey provides detailed information on indirect auto lending operations, including loan characteristics, dealer relations, and loan performance. The report that follows summarizes the survey responses. One cautionary note is warranted: care must be taken when comparing this year's responses to numbers reported from prior year's surveys, to be sure that the

comparison pertains only to the indirect portion of portfolios in each year.

The number of responses varied substantially across specific questions. Given the February, 1992 deadline for return of the questionnaire, some banks were able to provide more detailed information than others regarding their 1991 operations. This report frequently notes the number of responses by question, particularly on those questions with lower response rates. A few questions received such low response rates that no meaningful interpretation was possible. These items are omitted from this report.

No geographical comparisons are provided in this year's report. Many respondents indicated that they operated in more than one state, but were unable to to subdivide their responses by state of origination. Cross-state or even cross-region comparisons are not meaningful with aggregated data and are omitted from this report. However, categorization of respondents based on portfolio size (number of loans) yielded substantial and interesting variance in responses to many questions. Throughout the report, responses are subdivided by three portfolio size categories (small, medium and large), as described in subsequent sections.

ECONOMIC BACKGROUND

The Automobile Sales Slump of 1991.

Automobile manufacturers, dealers and lenders sufferred a drop in demand for their products throughout 1991. Sales of cars and light trucks in the U.S. during 1991 dropped to 12.3 million vehicles, an 11.5 percent decline from 1990. Total sales in the U.S. were the lowest since since 1983. According to *Automobile News*, the number of auto dealerships in the U.S. fell by 904 during the year to 23,368 nationally, down 3.7 percent from 1990, and the largest decline in the number of dealerships since 1982.

Not surprisingly, given the slump in sales, Federal Reserve statistics reveal that automobile credit outstanding dropped during 1991 by $16.6 billion (measured December, 1990 to December, 1991), or by 5.8 percent of total outstandings. Bank-held automobile credit outstanding dropped from $126.3 billion at the end of 1990 to $117.5 billion at the end of 1991, a 7.0 percent decline. Banks' share of automobile

credit outstanding dropped slightly during the year to 43.8 percent of the total, as depicted in Exhibit 1.1. The share of automobile credit held by finance companies also dropped, but this decline may be due to their relatively heavier promotion of leasing alternatives as well as greater reliance on securitization of loans, a financing practice that removes the asset from the lender's balance sheet.[2]

Although 1991 was unquestionably dismal for auto sales, the impact on banks involved in auto lending was not as bleak as suggested by the data above. The Federal Reserve's statistics on the decline in automobile credit almost certainly overstate the drop during 1991. The Fed's consumer credit data do not include consumer loans secured by real estate. Most home equity lenders have aggressively advertised the advantages of home equity lines of credit for financing major consumer durable purchases such as automobiles. Since the tax reforms of 1986 preserved the deductibility of consumer interest on real estate loans, many customers have shifted their auto financing into home-equity lines of credit, the majority of which are provided by banks.

Unlike total consumer credit which fell during 1991, home equity loan balances held by banks grew by $8.6 billion during the year, a 14.0 percent increase. Consequently, banks recouped in their home equity portfolios some of the loss experienced in their automobile portfolios. As consumers continue to shift their borrowing to their revolving home equity lines, the traditional series on automobile credit will increasingly understate the use of credit to finance auto purchases. Banks should expect a continued shift of some traditional indirect loan customers to home equity lines.

Another trend in recent years has eroded the reliability of the Fed's series on automobile credit as an indicator of consumers' auto financing decisions. Automobile leasing has nearly doubled in volume (number of cars and trucks) since 1985. However, leases were long considered a business transaction and seldom used for financing vehicles for personal use. Aggregate data that reflect only consumer auto leases (as opposed to commercial leases) do not exist. However, it is possible to gain a sense of the escalation in leasing (and what may be missing from the consumer credit series on autos) by examining the Fed's statistical series on finance company receivables, which contains a category for automobile leases. Both commercial and

consumer leases are included in the data.

To illustrate the difference in trends between loans and leases, total automobile credit outstanding across all lenders dropped by about $10 billion from December, 1990 through July, 1991. But, during the same period, auto leases outstanding at finance companies (including finance company subsidiaries of bank holding companies but excluding leasing by banks) grew from $39.3 billion to $43.5 billion, an increase of over $4 billion. Although the statistics include business leases, the growth almost certainly captures the efforts of the captive auto finance companies to offer consumers a lower payment option than that available on conventional loans, in order to boost sales. Exhibit 1.2 displays the sum of both automobile credit outstanding (all lenders) and auto leases held by finance companies. The striking feature of the chart is that the decline in automobiles financed between December, 1989 and December 1991 appears much smaller when leases and loans are combined. If bank leasing was included the decline would appear smaller still.

Prospects for Auto Lenders as Economic Growth Resumes

Of course, the dominant economic event of 1991 was the continuation of the recession that began in the summer of 1990. Most economists agree that the recession ended sometime during the second quarter of 1991, but consumer spending failed to rebound and spark a vigorous recovery through the remaining six months of the year. The 1990-91 recession was neither as long nor as severe as the previous recession (August, 1981 to November, 1982), but many analysts have pointed to historically high consumer debt loads as a significant drag on economic recovery this time. Some observers have suggested that the decline in sales of consumer durables, particularly automobiles, resulted from both heavy consumer debt loads and a shift in consumer attitudes away from the materialistic 1980s. More conservative consumer attitudes toward spending, and consequently borrowing, have been frequently cited as the cause of the consumer's reluctance to spend their way out of recession.

Despite these claims there is little evidence that the prolonged rise in consumer debt from 1983-1989 had much to do with either the onset of recession in 1990 or the sluggish growth since mid-1991. In fact there is much evidence that consumers have cautiously and rationally delayed consumption expenditures beginning in August,

1990 in reaction to a combination of global political uncertainty and rising fears of unemployment.

From August, 1990 until February, 1991, consumer confidence in the economy, as measured by the Survey Research Center at the University of Michigan, was down because uncertainty about the future was up. The Persian Gulf crisis, triggered with the Iraqi invasion of Kuwait in August, 1990, led to a cautious "wait-and-see" deferral of consumer durable purchases, particularly automobiles. To compound the problem, 90 months of growth in incomes and spending during the 1980s left consumers well-stocked with durable goods. This effectively made it cheaper for consumers to be cautious, relative to the same scenario occuring earlier in the expansion period. The decline in consumer spending is more likely attributable to uncertainty, not frugality.

Declines in consumer spending triggered production cuts and eventually led to layoffs. The Michigan survey of consumers throughout 1991 found that unemployment fears were the dominant reason for consumer pessimism. Consumers take on new debt to finance automobile purchases based in part on their expectations about their future income, which determines their ability to repay. Uncertainty about the stability of future income reduces a consumer's willingness to borrow. Unemployment fears account for much of the decline in auto purchases and demand for auto financing during 1991. As employment prospects brighten, consumers are likely to return to auto dealerships and both sales and lending will rebound. However, leasing clearly appeals to many consumers, as does home equity financing, and banks involved with indirect lending will need to factor a wider range of consumer financing options into their plans for growing their indirect lending portfolios.

PROFILE OF THE 1991 SAMPLE

One hundred seven institutions provided completed questionnaires on at least one of the three core operational areas. Ninety-eight were involved with indirect auto lending. The remaining institutions engaged strictly in leasing activities. Although 98 may appear to be a small and non-random sample, the respondents collectively held about $33.5 billion in their indirect auto loan portfolios. This total represented over 28

percent of all bank-held automobile loans outstanding at the end of 1991. Consequently, given competitive pressures of the auto financing market, we believe the responses provide a reasonable approximation of the range of marketing practices and experiences that influenced all banks involved in indirect auto lending during 1991.

Exhibit 1.3 describes the change in the size of respondent's portfolios from 1990 to 1991 for 83 respondents who provided data for both years. These banks as a group fared better than automobile lenders nationally as their average (mean) loans outstanding rose by 6.3 percent from 1990 to 1991. However, this apparent success probably reflects the experience of a very few respondents with large portfolios. One or two banks that expanded their portfolios through acquisition or merger could produce this result. To remove the potential for changes in large portfolios to swamp the averages for the entire group, median values were calculated and are also displayed in Exhibit 1.3. The median (middle) value of dollar outstandings across these portfolios actually fell by 5.8 percent, a result that is very consistent with the Federal Reserve's statistics on national experience.

The various economies of scale associated with processing, holding and servicing large numbers of loans probably create differences across banks in operating procedures. With this general hypothesis in mind, we divided the sample of 98 respondents into three size categories based on the number of loans in their portfolios. Divisions between categories were specified based on significant breaks in the distribution of respondents when sorted from smallest to largest. Exhibit 1.4 displays the results. Twenty four lenders were classified in the small portfolio category, each holding fewer than 8,000 indirect loans. The middle category held 42 respondents with portfolios ranging from 8,000 to 38,000. Thirty two "large" respondents had portfolios of more than 38,000 loans, with a mean portfolio size of 105,313. Exhibits 1.5 and 1.6 provide mean and median values for portfolios in each of the size categories. In terms of both dollars outstanding and number of loans, the mean value for the large group is about five times larger than for respondents in the medium group, which in turn have a mean value about five times larger than the small group.

Exhibit 1.7 reveals significant differences across the three groups in terms of other auto financing activities. Only about 38 percent of banks in the small group

engage in leasing, compared to 52 percent of medium-sized banks and 66 percent of banks in the large group. Similarly, 42 percent of small banks conduct floorplanning operations, compared to 86 percent of medium-sized banks and 88 percent of large banks. The following sections will report many other significant differences across banks associated with differences in portfolio size.

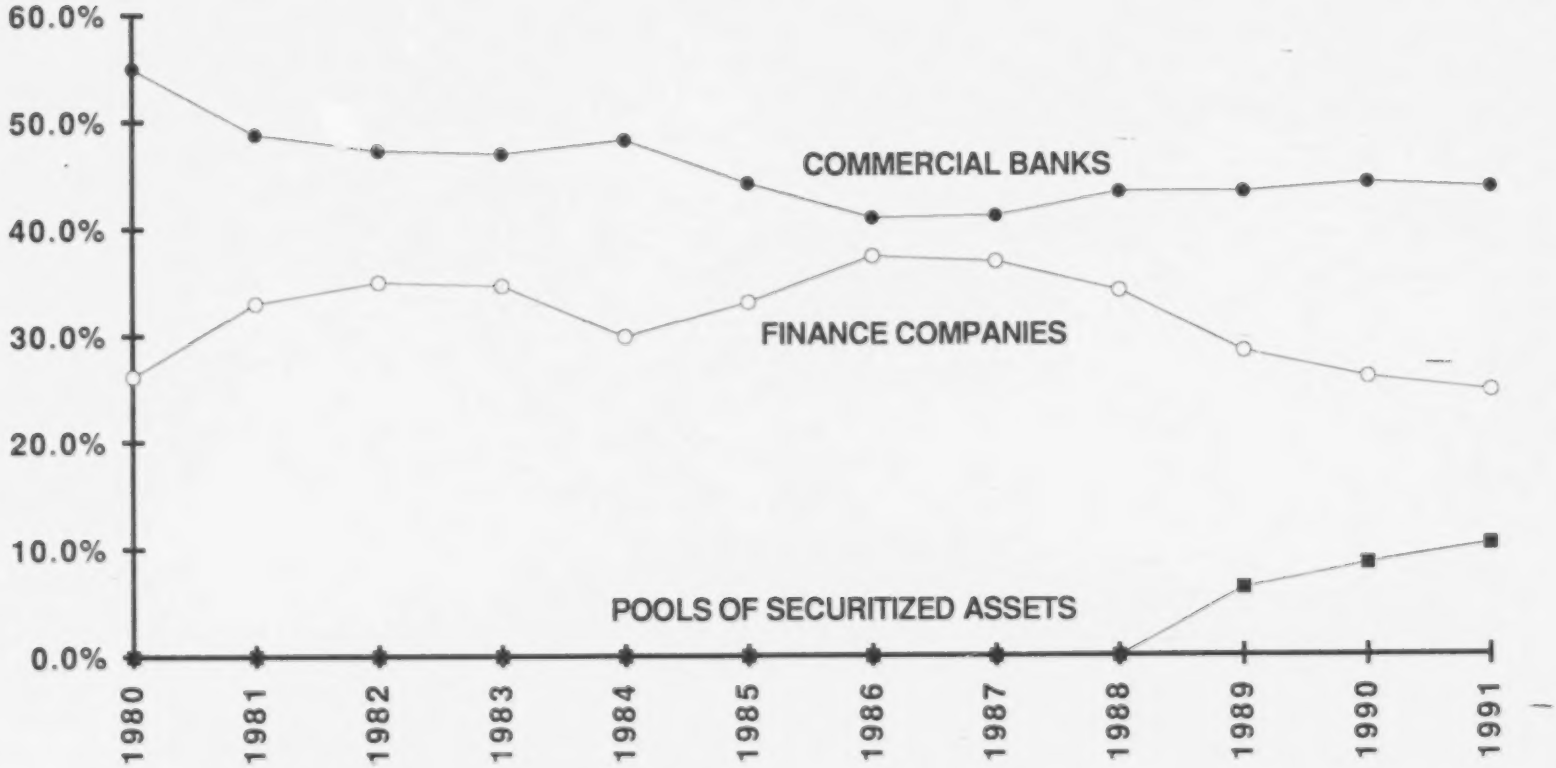
NOTES

[1] Appendix 1 contains a copy of the questionnaire and introductory letter sent to CBA members inviting participation in the survey. Appendix 3 displays a list of responding banks.

[2] See Appendix 2 for data on automobile credit outstanding for the period 1980-1991, by holder.

Exhibit 1.1

DISTRIBUTION OF TOTAL OUTSTANDING AUTOMOBILE CREDIT



Source: Federal Reserve

Exhibit 1.2

AUTOMOBILE FINANCING

(LOANS AND LEASES, SEASONALLY ADJUSTED)

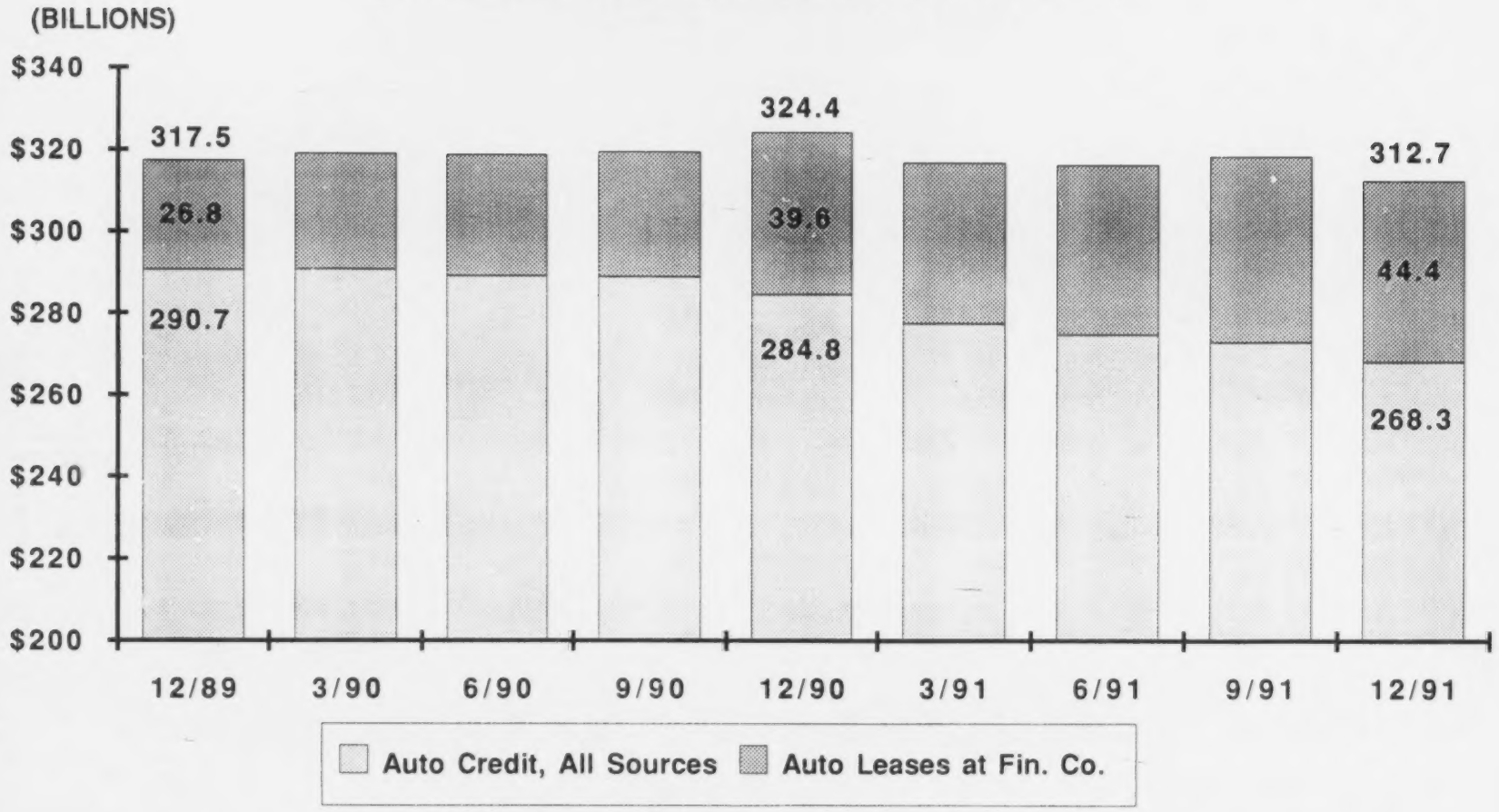


Exhibit 1.3

PROFILE OF 1991 SAMPLE*

(INDIRECT LOAN PORTFOLIOS)

	1990	1991	% CHANGE
MEAN VALUES:			
# Loans (000's)	42.80	43.72	2.1%
$ Outstandings (mil)	$313.9	$333.6	6.3%
MEDIAN VALUES:			
# Loans (000's)	23.12	20.91	-9.6%
$ Outstandings (mil)	$191.0	$180.0	-5.8%

* Number Of Banks Reporting In Both Years = 83

Exhibit 1.4

PORTFOLIO SIZE CATEGORIES - 1991 SAMPLE

NEW + USED LOANS

CATEGORY	RANGE	AVG	# RESPONDENTS
Small	Less Than 8,000	4,347	24
Medium	8,000 To 38,000	20,005	42
Large	38,000 Or More	105,313	32
All	-	44,027	98

Exhibit 1.5

1991 SAMPLE BY PORTFOLIO SIZE

(MEAN VALUES)

	S	M	L	ALL
# OF LOANS	4,347	20,005	105,313	44,026
GROSS $ OUTSTANDINGS (mil)	$29.6	$149.0	$831.0	$342.0
$ PER ACCOUNT	$6,809	$7,488	$7,891	$7,769
# Of Respondents	24	42	32	98

Exhibit 1.6

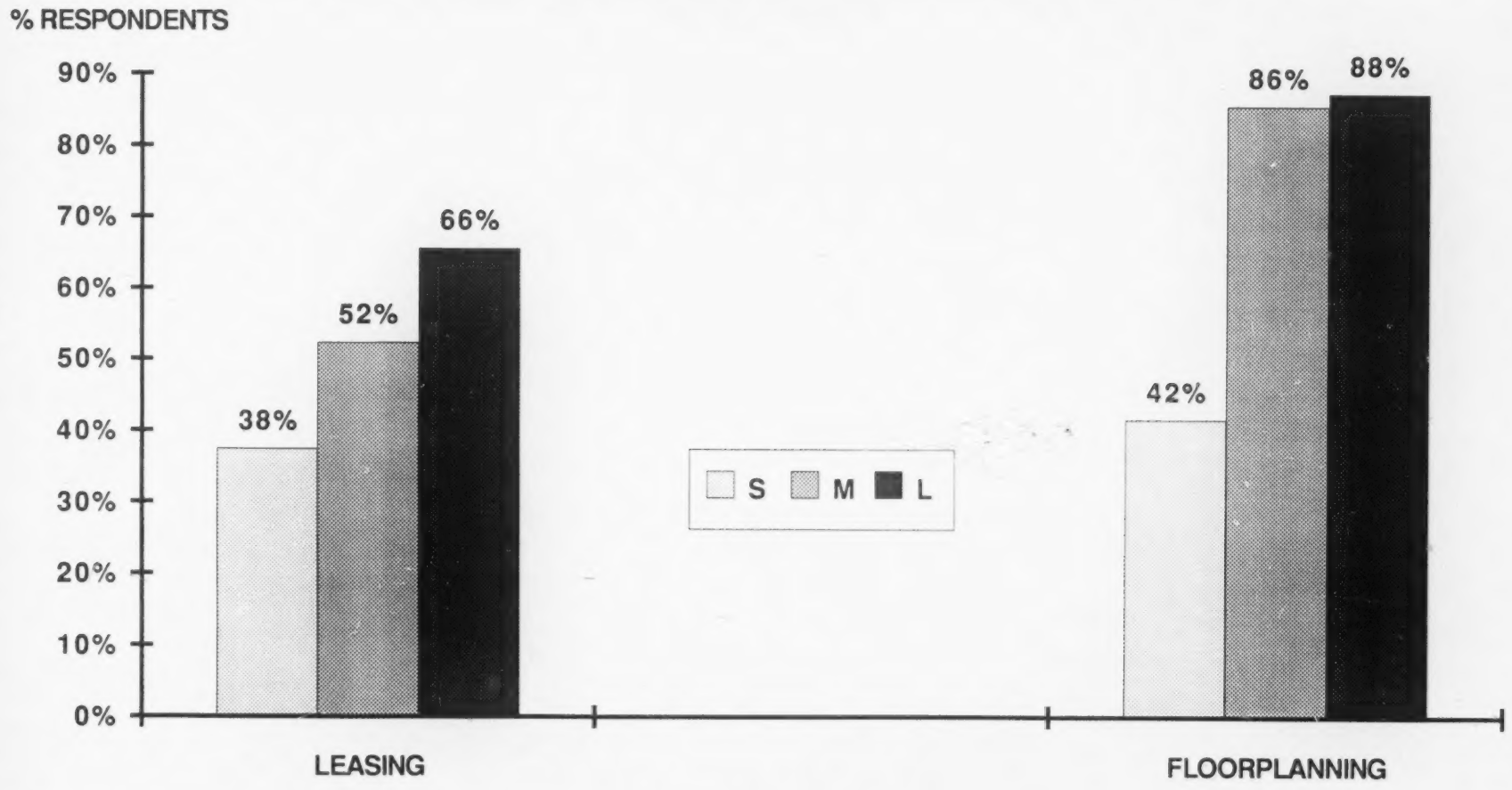
1991 SAMPLE BY PORTFOLIO SIZE

(MEDIAN VALUES)

	S	M	L	All
# OF LOANS	4,713	18,474	70,036	20,908
GROSS $ OUTSTANDINGS (mil)	$30.44	$143.0	$557.0	$154.0
# Of Respondents	24	42	32	98

Exhibit 1.7

CURRENT AUTO FINANCING ACTIVITIES BY PORTFOLIO SIZE



INDIRECT AUTO FINANCING

OVERVIEW OF SAMPLE

Most of the data in this section of the report are provided by the 98 banks that responded to the indirect lending portion of the survey. To allow analysis by size of respondent, we have divided the group into the three size categories shown previously in Exhibit 1.4. As will be seen later, there are some notable differences in the policies and performance among the small, medium and large respondents.

Exhibit 1.5 displayed the marked differences among respondents in the three categories, with the average (mean) gross dollar outstandings of the large respondents being about 28 times that of small respondents. As would be expected, the difference is not as great if medians (middle values) are used (Exhibit 1.6). Still, the median dollar outstandings are about 18 times higher for large vs. small respondents.

A portion of the difference in gross dollars outstanding, large vs. small, can be attributed to the 15.9 percent higher average balance per account among the large respondents (Exhibit 1.5). Such a difference probably results from their greater concentration on new auto financing or higher-priced used cars.

TRENDS IN PORTFOLIO SIZE AND LOANS MADE: 1991 VS. 1990

1991 was hardly a banner year for automobile financing. Nationally, outstanding automobile loans dropped 5.9 percent to $267.9 billion at year-end 1991, from $284.6 billion at year-end 1990 (seasonally adjusted). As noted in the last section, this decline in auto financing is somewhat overstated, since the Federal Reserve data do not include outstandings under lease arrangements, or home equity loans.

Exhibit 2.1 compares lending activity for respondents during 1991 with their own experience one year earlier. The lower number of loans made during 1991 was partially offset by a higher average amount of loan made--possibly a shift towards

financing relatively more new than used autos or higher-priced used and new autos. Further insights into changes in automobile lending activities from 1990 to 1991 can be gained from Exhibit 2.2, which shows data by size of respondent. Large respondents suffered the greatest decline in the numbers of applications and loans made. However, their percentage (mean) decline in loans made was much less than the percentage drop in applications, whereas the reverse was true of small and medium respondents. Put another way, the average "success rate," or percent of applications booked (Exhibit 2.5) rose for large respondents but dropped for banks in the two other size groups. Specifically, the success rate for large respondents rose from 25.2 percent to 28.8 percent, whereas it fell for small respondents from 32.7 percent to 30.2 percent.

Note, however, that the success rate for small respondents still exceeded that for large respondents. As we shall see later, the higher success rate of small respondents may have been achieved by "reaching" for loans, with the result that, on average, small respondents found themselves with poorer quality loans.

OPERATIONS DURING 1991

Exhibit 2.8 shows that during 1991, large respondents had invested more heavily in making new auto loans (75 percent) than small respondents (61 percent). They had also concentrated more on financing higher-priced used autos during 1991 than small respondents, as evidenced by the 17 percent higher average loans on used autos. Since new auto loans are, on average, less risky that used auto loans, especially low-priced used autos, we may see the differences in lending policies reflected in data relating to credit quality.

How rapidly are loan decisions made? There are conflicting pressures here. On the one hand, dealers would like a very fast decision, On the other hand, bank management does not want decisions made so quickly that the quality suffers. The number of decisions per day are partially a function of automation; that is, such features as computerized credit scoring. Adoption of such technology is characteristic of large respondents. Thus, almost three-fifths of them reported that they expected loan officers to make over 50 decisions daily, contrasted to only 8.3 percent of small

respondents (Exhibit 2.9). Overall, 46 percent of all respondents reported that average processing time was under one hour (Exhibit 2.10). Yet, it was the large respondents who required more processing time than the small and medium respondents (Exhibit 2.11).

LENDING POLICIES

As one might expect, competition for dealer business has fostered considerable commonality in credit terms. Data from the CBA survey are quite similar to national data on credit terms of finance companies provided by the Federal Reserve Board (Exhibit 2.12). The mean loan size of new-auto loans and ratios of loan to values of these banks and finance companies serving the indirect auto loan market are quite comparable. Differences among respondents by size were not large enough to be statistically significant.

Respondents did not differ markedly by size in their reports of loan maturities (Exhibits 2.14 and 2.15). On new-auto loans respondents reported that on average only about 14 percent of new-auto loans exceeded 60 months. Large respondents had a relatively higher portion of used-auto loans that exceeded 48 months, but this is probably explained by their above-average size of loan, perhaps reflecting their financing of more late-model autos.

Large respondents had a significantly faster turnover on new-auto loans that paid off during 1991 than small and medium respondents (Exhibit 2.16). The shorter period between booking and payoff may be attributable to large responsents having a higher percentage of loans that pay off early: 59 percent for large respondents vs. 47 percent for small respondents. Differences among respondents grouped by size were somewhat smaller with respect to used-auto turnover. Whatever the reasons for variations in payoff rates, the differences affect the lenders' policies relating to dealer reserves, to be discussed below.

DEALER RELATIONS

Keeping dealers happy and the bank's auto loan operations profitable involves a certain amount of tension. Possibly the most important element is the arrangement regarding dealer reserves. Only small respondents used a flat fee, possibly because of its simplicity (Exhibit 2.17. As a consequence, small respondents were significantly less likely than medium and large respondents to allow dealers to keep as a reserve the difference between the contract rate (the rate charged to the consumer) and the retention rate (the rate earned by the bank).

About 78 percent of all respondents followed a policy of paying dealer reserves up front and paid about 90 percent of the reserve. Only three-fifths had holdback programs (Exhibit 2.18). The large respondents preferred a holdback based on the amount of a dealer's outstandings, while small respondents opted for the perhaps simpler program of having a fixed dollar amount. The latter arrangement is obviously easier to monitor.

There is a wide variation in the contractual details pertaining to payment of dealer reserves. The most commonly used features were penalties for exceeding standard terms and a full chargeback of reserves when an auto is repossessed (Exhibit 2.19). Large respondents were more likely to be strict with dealers than small and medium respondents. The rapid growth of repossessions has provided an incentive to charge back the full reserve to dealers on a repossession, a practice followed by 63 percent of large respondents and only 41 percent of small respondents (Exhibit 2.20).

While full recourse arrangements are rare, about two-fifths of respondents have imposed 90-day repurchase arrangements "all or some of the time" on contracts and, presumably, have required full recourse on selected high-risk contracts. Again, large respondents were more likely to do this than small respondents.

In general, small respondents appear to engage in non-price competition to gain dealer business. In relation to large respondents, they process loan applications more quickly. They are less likely to have a dealer reserve holdback program and to impose terms that penalize dealers for excessive risk. In contrast, the large respondents are more likely to price the purchase attractively by giving the dealer the option of retaining the difference between the contract price and the retention rate of

the bank. But, they then control their risk by taking time to process applications and by imposing strict provisions on dealer reserves.

CREDIT QUALITY

Delinquency rates have been rising on indirect auto loans of commercial banks ever since 1985 (Exhibit 2.22). Because loan officers can be more selective when making direct loans than when buying contracts from dealers, delinquencies on indirect loans are significantly higher than on direct loans, with the differential having increased over the past six years. At the same time, the delinquency rates on indirect auto loans of commercial banks and finance company auto loans have tracked very closely (Exhibit 2.23). Since the two types of lenders are competing vigorously for dealer business, we would expect that they would be forced to accept very similar levels of credit risk.

Within the indirect auto loan market of commercial banks, we look for small respondents to the CBA Auto Loan Survey to record higher delinquencies and credit losses than their larger competitors. This expectation is based on the previous finding that small respondents emphasize non-price competition, while large respondents rely more on price competition with tight controls on credit quality.

These expectations are supported by data on delinquencies, expressed as a percentage of the number of loans (Exhibit 2.25) and dollar amounts of outstandings (Exhibit 2.26). By both measures, small respondents had higher delinquencies as a percentage of outstandings than either of the medium or large respondents. However, medium respondents had the lowest rates of delinquency.

There do not appear to be significant size-related variations in the proportions of charge-offs stemming from bankruptcies (Exhibit 2.27) However, if the mean numbers of bankruptcy are related to the mean numbers of auto loans outstanding at year-end, it appears that large respondents had a more favorable experience than banks in the other two groups. Bankruptcies of large respondents were 1.17 percent of loans outstanding, compared to 1.72 percent for medium respondents and 1.77 percent for small respondents. Since the number of respondents differ in the two

tabulations (Exhibits 1.5 and 2.27), the apparent differences in frequency of bankruptcy might be spurious.

The percentage of Chapter 7 bankruptcy filings of the entire sample was just under the national average for 1991: 66.3 percent vs. 70.8 percent (Exhibit 2.28). This difference is probably a function of the judicial districts in which respondents operated. There were not significant size-related differences in the portion of Chapter 7 filings or the percentage of accounts reaffirmed (Exhibit 2.29). However, there were significant differences in the frequency and success of challenges (Exhibit 2.30). Large respondents were markedly more aggressive in challenging consumers filing for bankruptcy and in winning those challenges. If we combine the data regarding challenges and their rate of success, we find that out of every hundred bankruptcies, small and medium respondents successfully challenged just over two filings, while large respondents were six times more successful, winning 12.6 out of every hundred filings.

Large respondents also had more favorable experience with repossessions on new autos than did small and medium respondents (Exhibit 2.31), although medium respondents had the lowest repossession rate on used autos. It was somewhat surprising to find the overall repossession rate on used autos only slightly above that on new autos.

A very mixed picture emerges from examining the costs of repossessions (Exhibit 2.32). It is difficult to know whether the differences among size groups result from different strategies or different accounting systems. Expectations that financing used autos generates higher losses after repossession than new autos are borne out in Exhibit 2.33. The much higher loss rate (1.64 percent vs. 0.99 percent of outstandings) helps to explain the higher finance charges on used-auto loans.

The bottom line in measuring the quality of credit are net losses (gross losses, less recoveries) as a percentage of outstandings. Given variations in accounting methods, it appears that medium and large respondents came out equally well in the range of one percent, while small respondents experienced net losses of 1.4 percent of outstandings (Exhibit 2.34).

CONCLUSIONS

The indirect loan business was not lender-friendly in 1991. In general, the data suggest that small and large respondents followed strategies appropriate to their differences in size, with the small respondents opting for simpler lending procedures and somewhat higher risk than large respondents. In contrast, large respondents relied more on computer-based processing and effective price competition to build volume and were more aggressive in controlling risk and addressing the "bankruptcy problem." Both strategies may be equally successful in generating a "bottom line" return on assets.

Medium respondents were just that: somewhere in the middle in terms of the trade-off between nonprice and price competition.

Exhibit 2.1

TOTAL LENDING ACTIVITY DURING 1991*

(MEAN VALUES)

	1990	1991	% CHANGE
# Applications (000's)	58.09	52.87	-9.0%
# Loans (000's)	16.45	14.94	-9.2%
$ Volume (mil)	$185.3	$190.9	3.0%

* Number Of Banks Reporting Both Years = 82

Exhibit 2.2

TOTAL AUTO LENDING DURING 1991

% CHANGE 90 TO 91

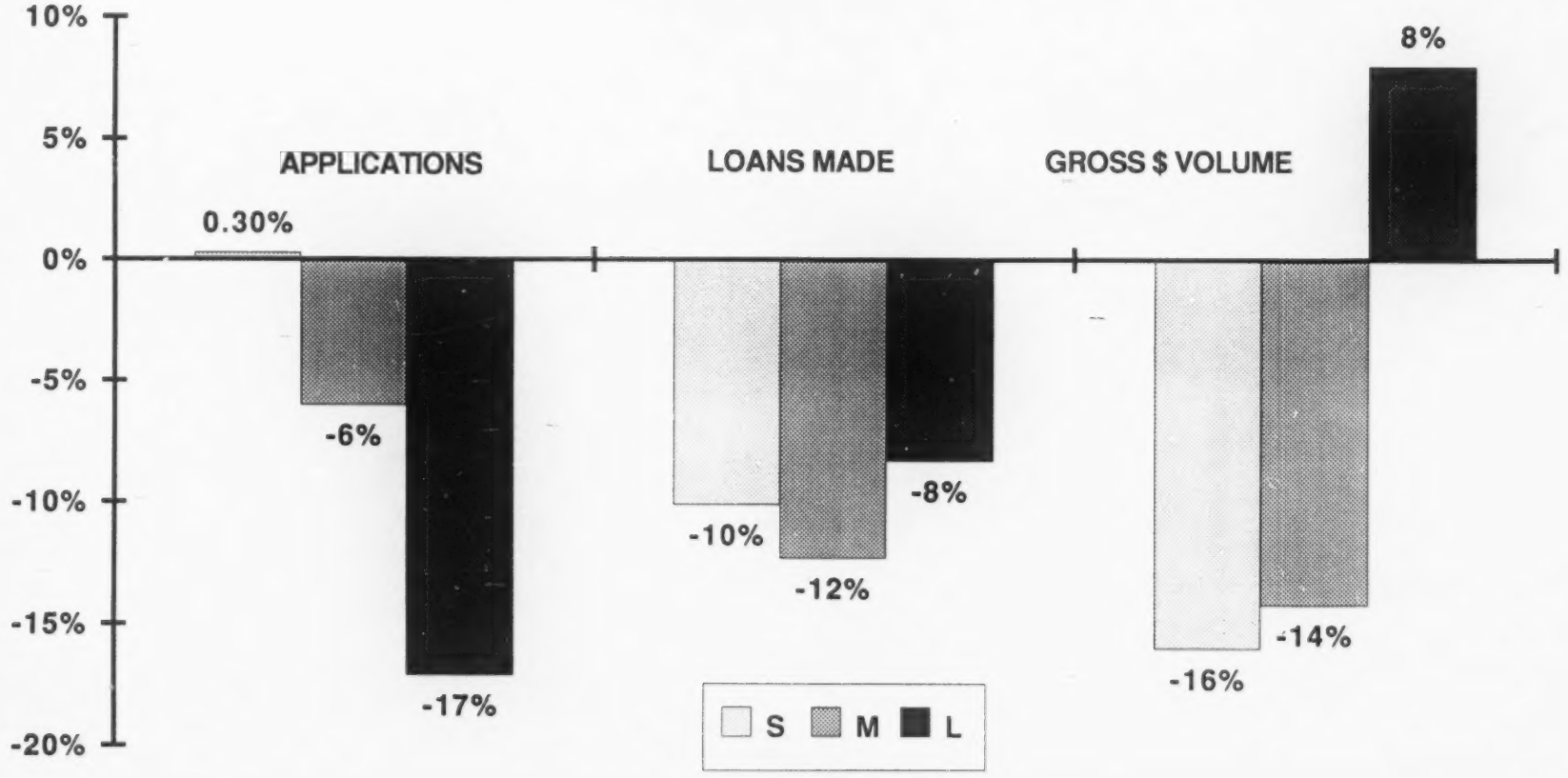


Exhibit 2.3

1991 LENDING ACTIVITY BY PORTFOLIO SIZE

(MEAN VALUES)

	PORTFOLIO SIZE		
	S	M	L
APPLICATIONS	5,532	25,769	116,125
% Change 90 To 91	0.3%	-6.0%	-17.1%
LOANS MADE	1,618	7,173	32,384
% Change 90 To 91	-10.1%	-12.3%	-8.3%
GROSS $ VOLUME (mil)	$17.8	$74.8	$425.0
% Change 90 To 91	-16.0%	-14.2%	8.0%
# Of Respondents	16	35	30

Exhibit 2.4

APPLICATION APPROVAL RATE
1990 vs. 1991

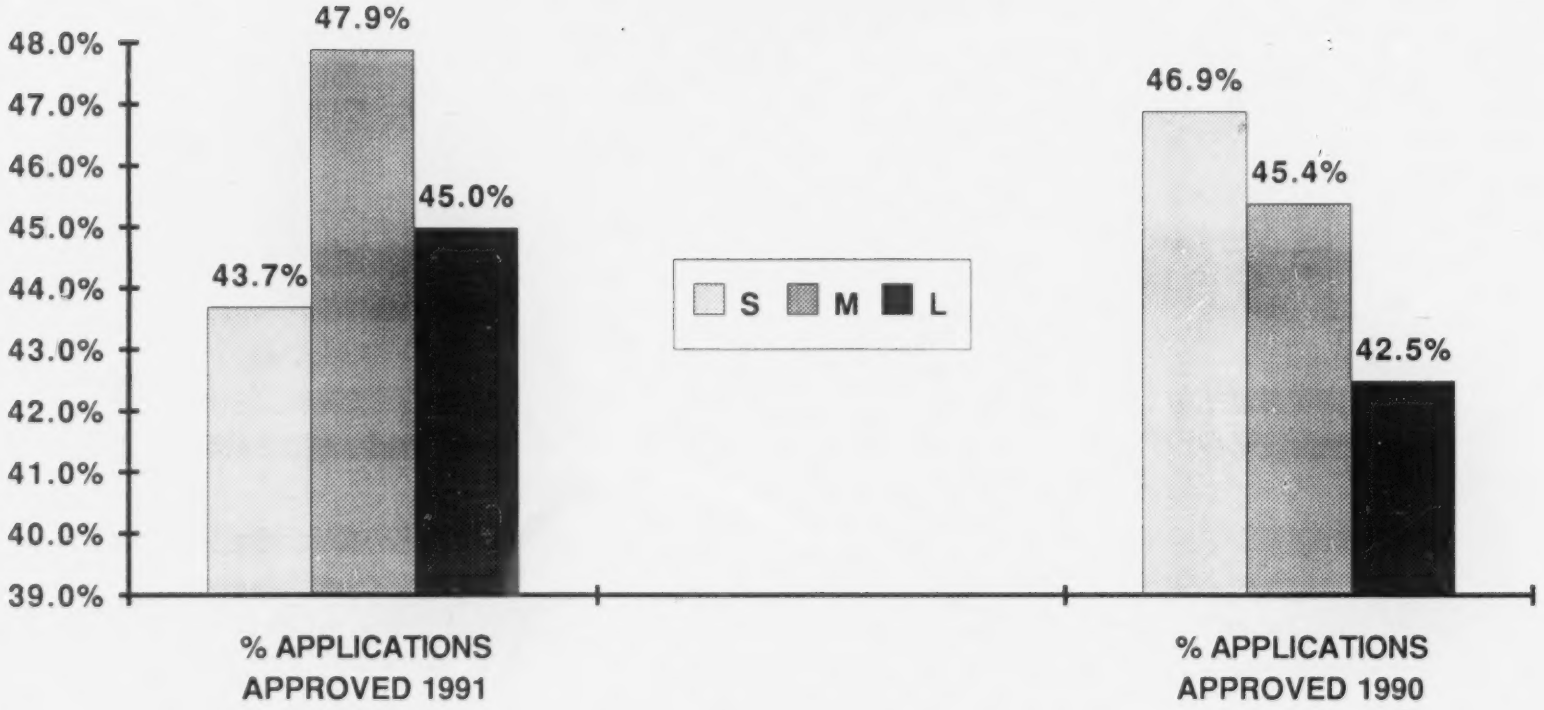


Exhibit 2.5

APPLICATION BOOKING RATE
1990 vs. 1991

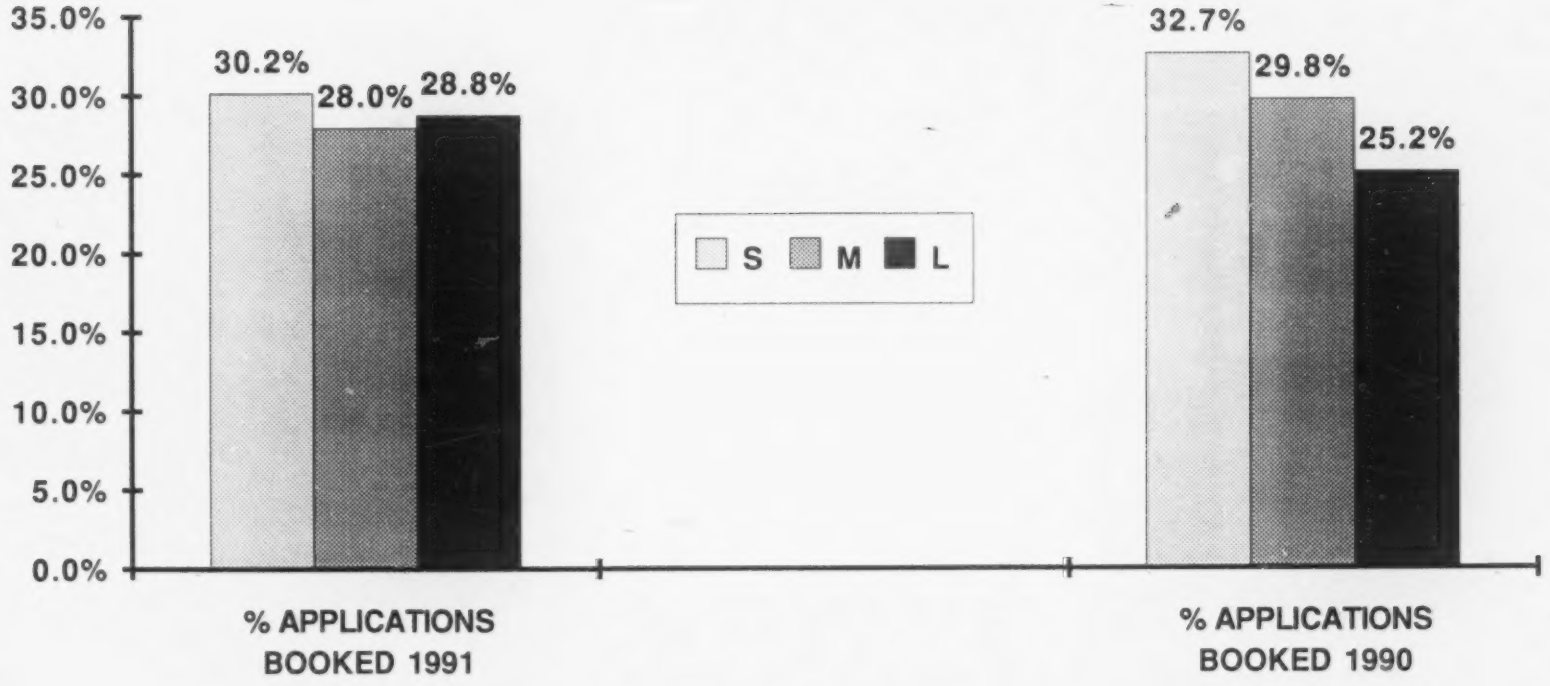


Exhibit 2.6

APPROVAL BOOKING RATE
1990 vs. 1991

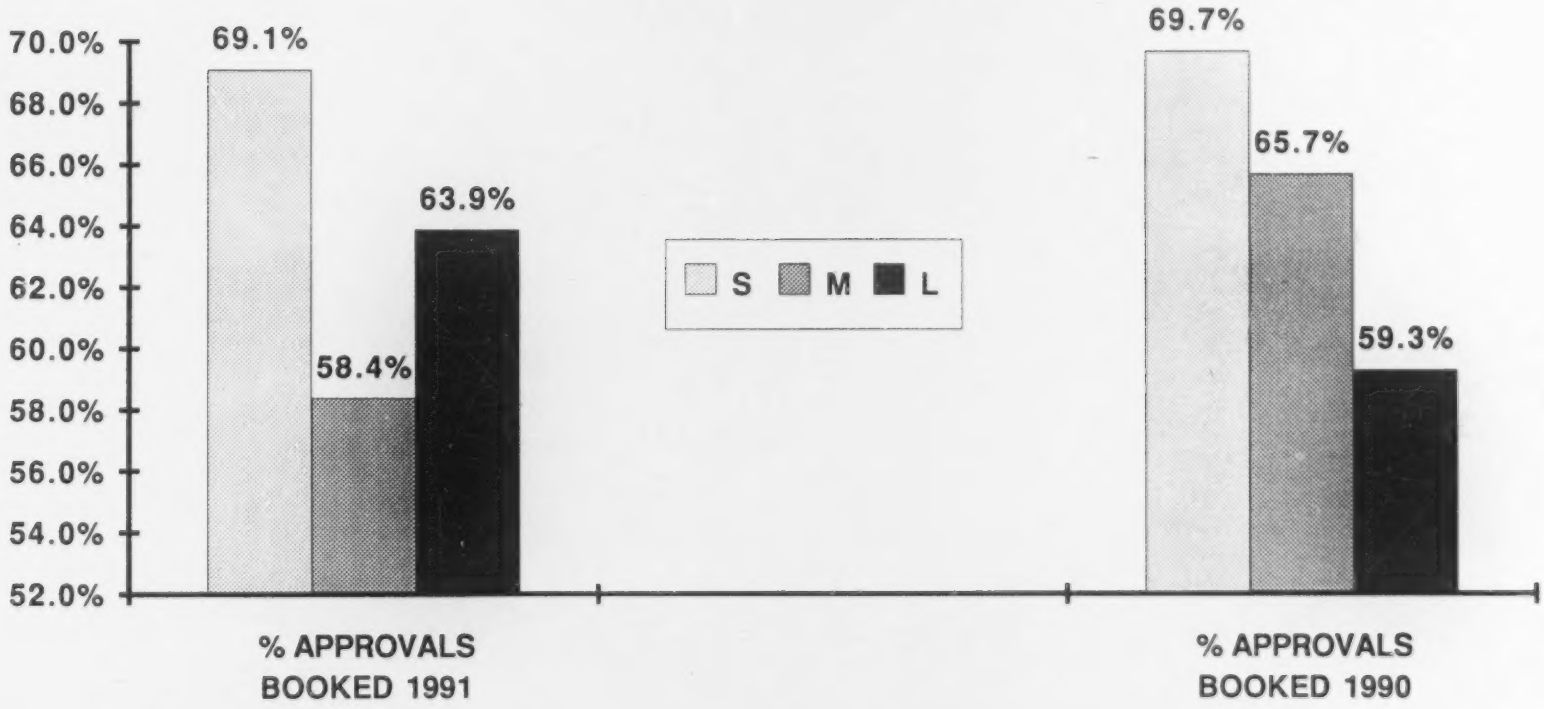


Exhibit 2.7

MEAN APPROVAL AND CONTRACT RATES

1990 vs. 1991

	PORTFOLIO SIZE			
% OF APPLICATIONS APPROVED	S	M	L	ALL
1991	43.7%	47.9%	45.0%	46.3%
1990	46.9%	45.4%	42.5%	43.2%
% OF APPLICATIONS BOOKED				
1991	30.2%	28.0%	28.8%	28.2%
1990	32.7%	29.8%	25.2%	28.3%
% OF APPROVALS BOOKED				
1991	69.1%	58.4%	63.9%	60.9%
1990	69.7%	65.7%	59.3%	65.6%

Exhibit 2.8

1991 LOAN CHARACTERISTICS

(MEAN VALUES)

	PORTFOLIO SIZE			
	S	M	L	ALL
% NEW AUTO LOANS	61.2%	59.8%	75.0%	61.7%
AVG LOAN SIZE				
New	$13,323	$12,842	$13,156	$13,037
Used	$7,507	$7,664	$8,771	$8,069

Exhibit 2.9

LOAN DECISIONS EXPECTED FROM LOAN OFFICERS PER DAY

(PERCENTAGE OF RESPONDENTS)

	PORTFOLIO SIZE			
# OF DECISIONS	S	M	L	ALL
Less Than 25	29.2%	7.3%	3.1%	11.3%
25 To 50	62.5%	53.7%	37.5%	50.5%
51 To 75	0.0%	24.4%	46.9%	25.8%
Over 75	8.3%	14.6%	12.5%	12.4%
# Of Respondents	24	41	32	97

Exhibit 2.10

INDIRECT LOAN AVERAGE PROCESSING TIME - FULL SAMPLE

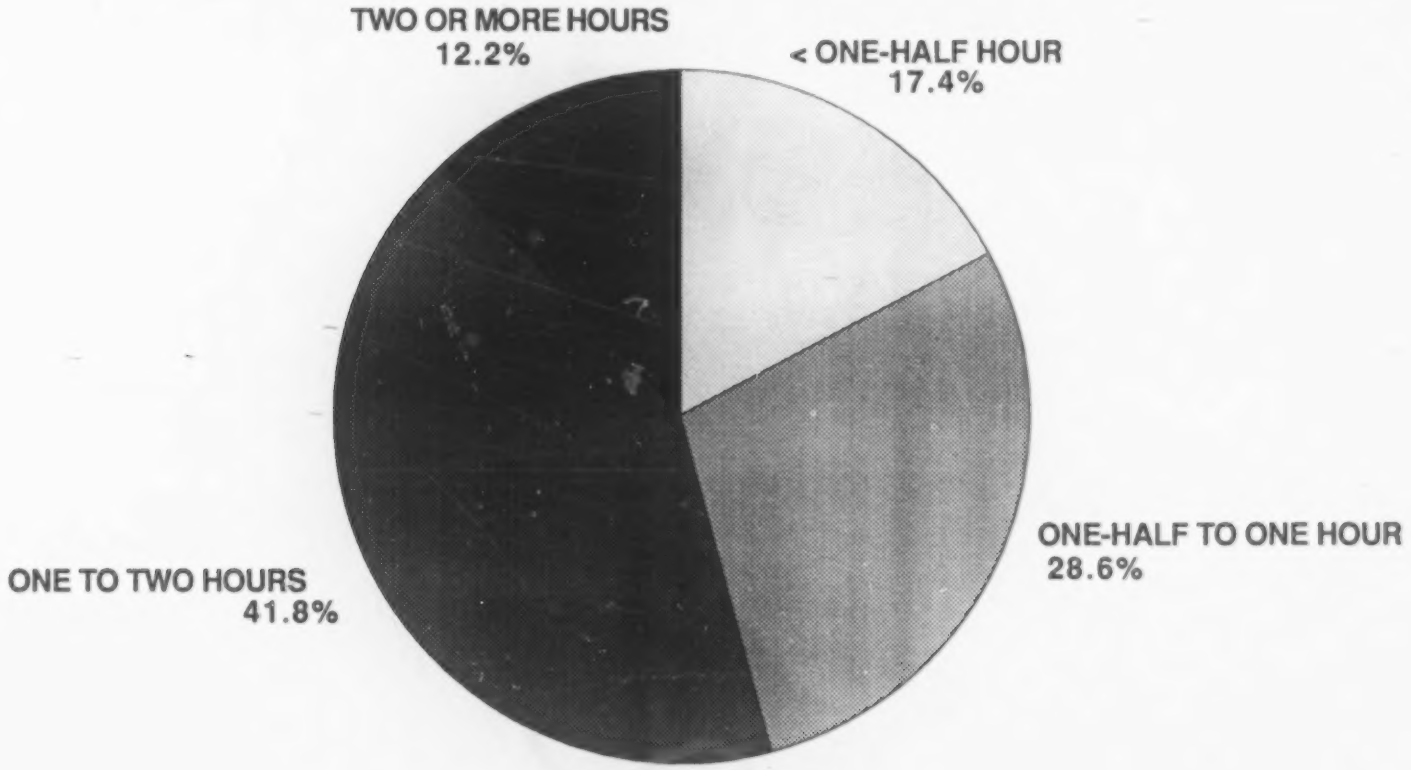


Exhibit 2.11

INDIRECT LOAN AVERAGE PROCESSING TIME - 1991

(BY PORTFOLIO SIZE)

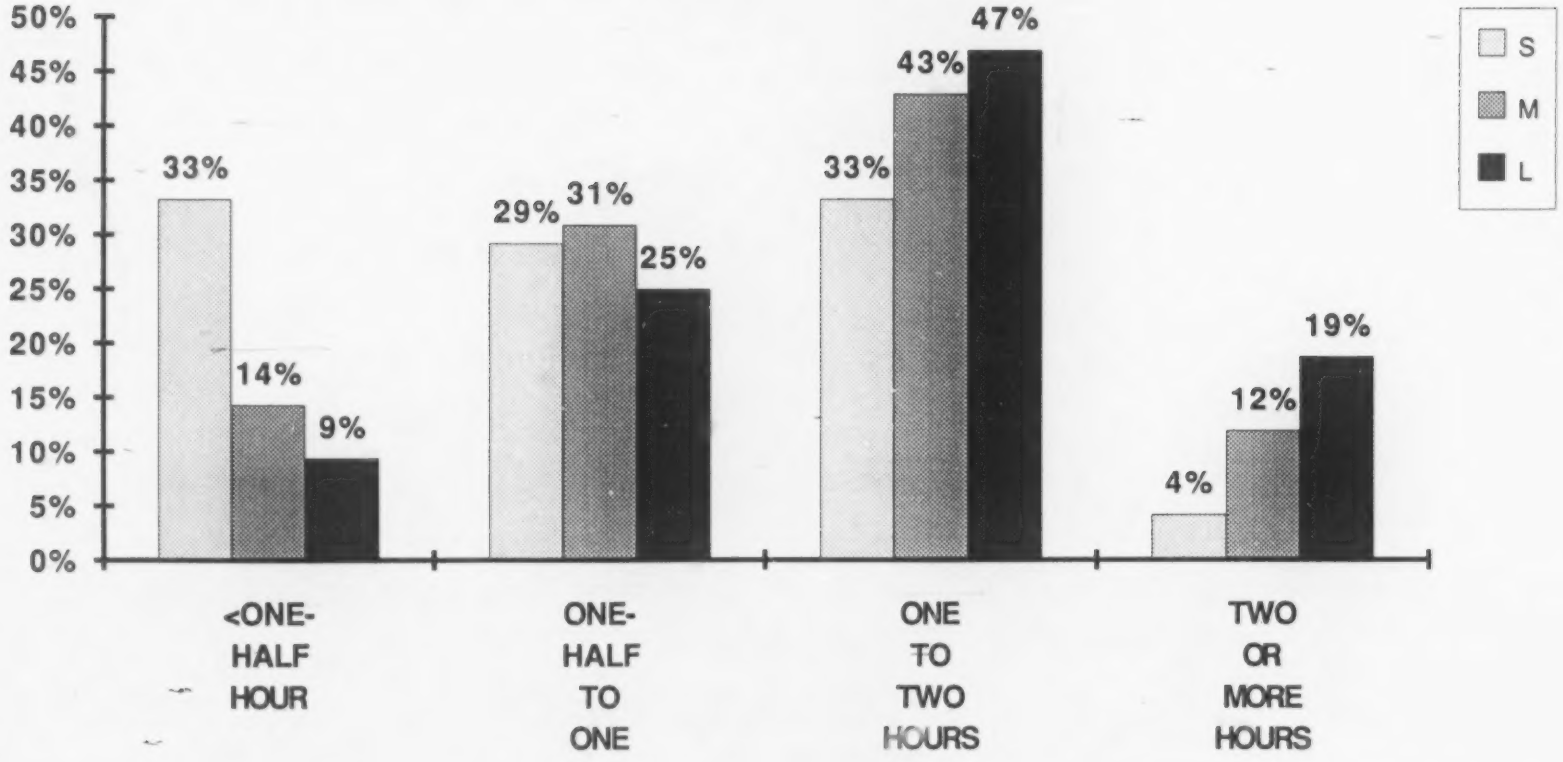


Exhibit 2.12

NEW LOAN TERMS, 1991

BANKS VS. AUTO FINANCE COMPANIES

	CBA SURVEY	AUTO FIN* COMPANY
MATURITY:		
Mean months	-	53.7
% Over 60 months	13.8%	-
AMOUNT FINANCED:		
Mean loan size	$13,037	$13,476
Max loan to value	-	88%
% MSRP	93%	
% Invoice	100%	

* Source: Federal Reserve Board, G-19 Series; Average Values for December, 1991.

Exhibit 2.13

INDIRECT LOAN PRICING BY PORTFOLIO SIZE

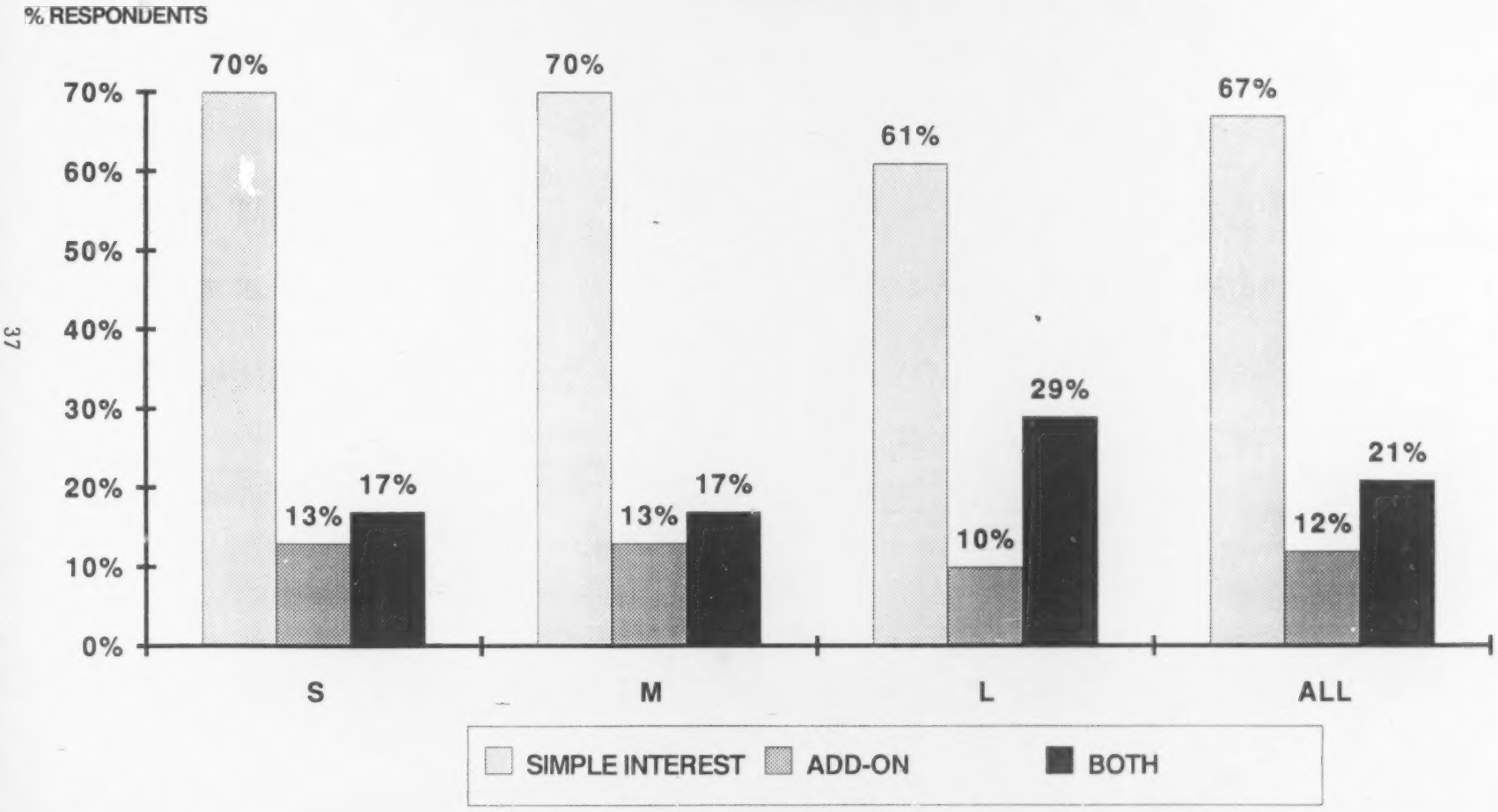


Exhibit 2.14

MATURITY OF LOANS BOOKED DURING 1991 - NEW AUTOS

(PERCENTAGE DISTRIBUTION*)

	PORTFOLIO SIZE			
	S	M	L	ALL
36 MONTHS OR LESS	8.9%	7.4%	9.0%	8.4%
37 TO 48 MONTHS	25.8%	17.2%	19.0%	19.9%
49 TO 60 MONTHS	54.3%	61.8%	55.9%	57.9%
OVER 60 MONTHS	11.1%	14.2%	15.2%	13.8%
# Of Respondents	17	29	26	72

* Mean Of Respondents' Percentages

Exhibit 2.15

MATURITY OF LOANS BOOKED DURING 1991 - USED AUTOS

(PERCENTAGE DISTRIBUTION*)

	PORTFOLIO SIZE			
	S	M	L	ALL
36 MONTHS OR LESS	31.2%	24.7%	25.0%	26.3%
37 TO 48 MONTHS	45.3%	46.3%	33.6%	41.6%
49 TO 60 MONTHS	21.5%	26.6%	33.0%	27.7%
OVER 60 MONTHS	2.7%	2.8%	3.4%	3.0%
# Of Respondents	15	27	23	65

* Mean Of Respondents' Percentages

Exhibit 2.16

LOAN TURNOVER

(LOANS PAID OFF DURING 1991)

	PORTFOLIO SIZE			
NEW AUTOS	**S**	**M**	**L**	**ALL**
Mean Turnover* (Months)	39.3	38.1	33.9	36.8
% Loans That Pay Out Early	47.3%	61.3%	59.0%	57.1%
USED AUTOS				
Mean Turnover* (Months)	30.7	29.3	28.0	29.1
% Loans That Pay Out Early	47.8%	61.5%	56.8%	56.0%

*Months Between Booking And Payoff

Exhibit 2.17

BASIS FOR CALCULATING DEALER RESERVES

(PERCENTAGE DISTRIBUTION)

METHOD USED	PORTFOLIO SIZE S	M	L	ALL
Flat fee	14.3%	0.0%	0.0%	2.9%
Ratio method (% fin chg)	35.7%	32.3%	30.4%	32.4%
100% of contract rate less retention	35.7%	51.6%	56.6%	50.0%
Share of contract rate less retention	14.3%	16.1%	13.0%	14.7%
	100%	100%	100%	100%

Exhibit 2.18

DEALER RESERVE HOLDBACK PROGRAMS

	PORTFOLIO SIZE			
	S	M	L	ALL
% HAVING A PROGRAM	48%	71%	60%	62%
% USING SPECIFIC $ AMOUNT	50%	27%	22%	-
Avg Size	$1,400	$1,708	$3,083	-
% USING % OF OUTSTANDINGS	30%	60%	40%	-
Avg Size	$1,500	$1,430	$1,160	-
% USING BOTH	20%	13%	38%	-
# Of Respondents	21	42	30	93

Exhibit 2.19

USE OF SELECTED CONTRACTUAL FEATURES

(PERCENTAGE DISTRIBUTION, FULL SAMPLE)

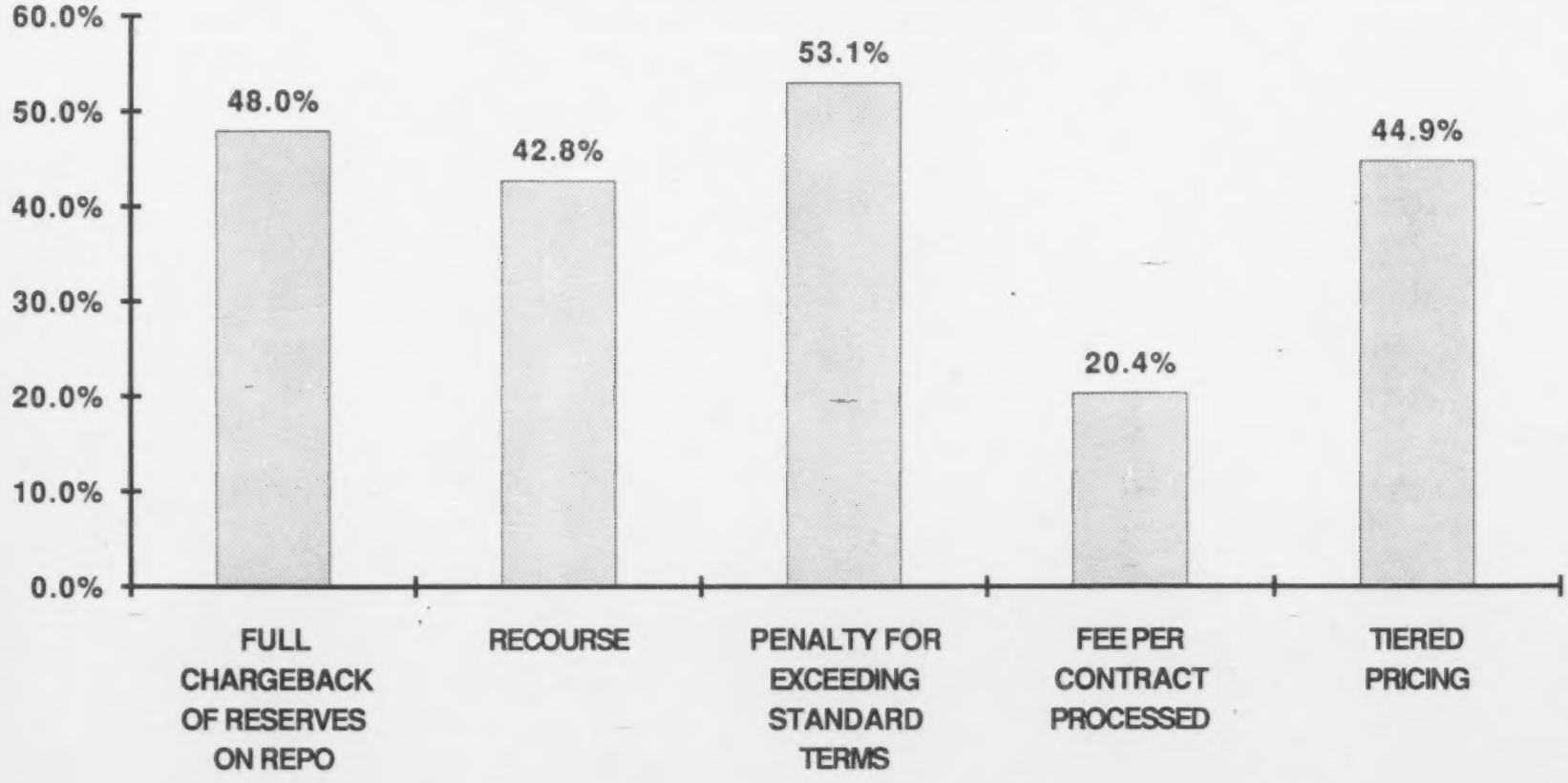


Exhibit 2.20

USE OF SELECTED CONTRACTUAL FEATURES, PART 1

(PERCENTAGE DISTRIBUTION)

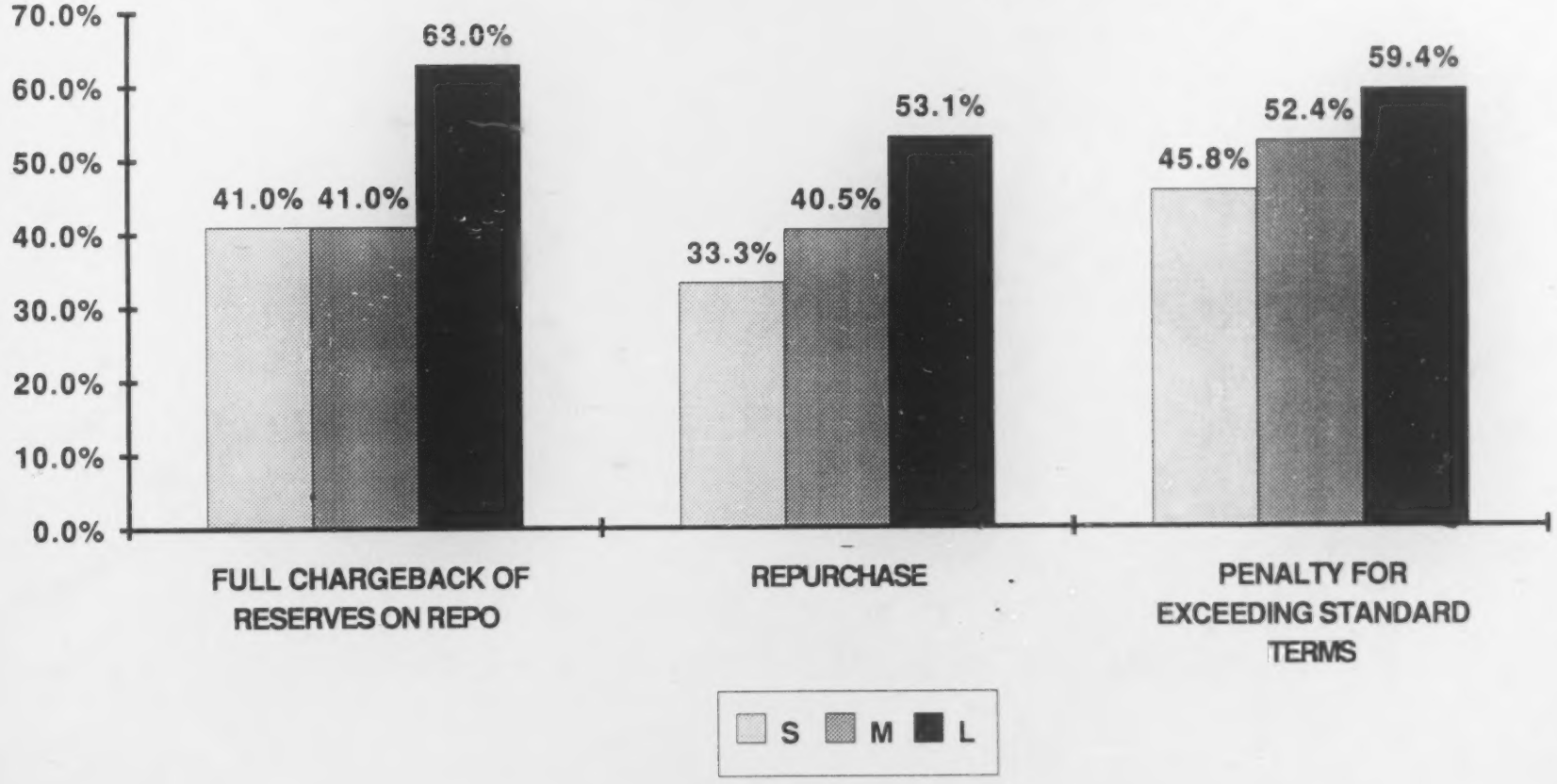


Exhibit 2.21

USE OF SELECTED CONTRACTUAL FEATURES, PART 2

(PERCENTAGE DISTRIBUTION)

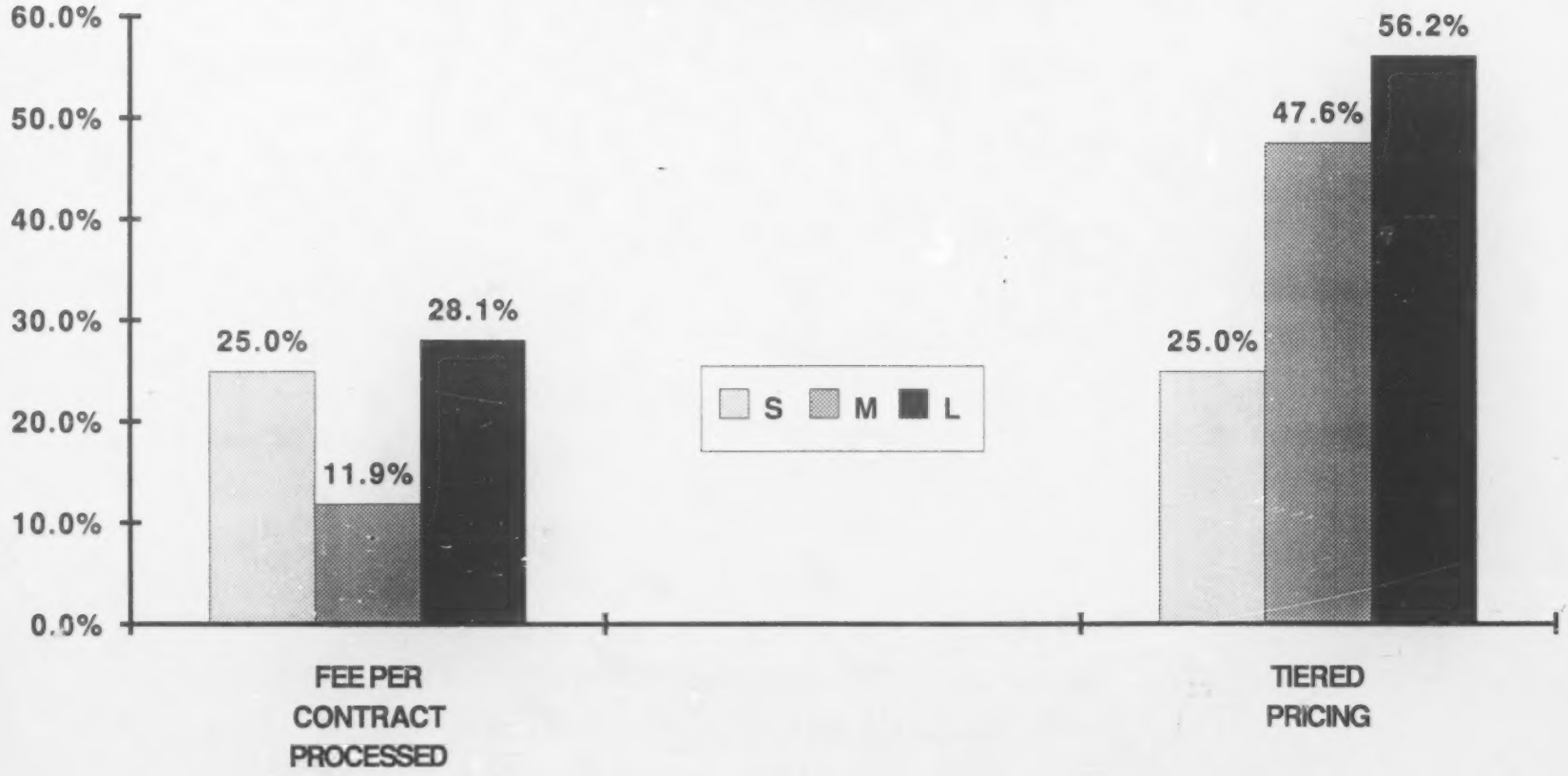
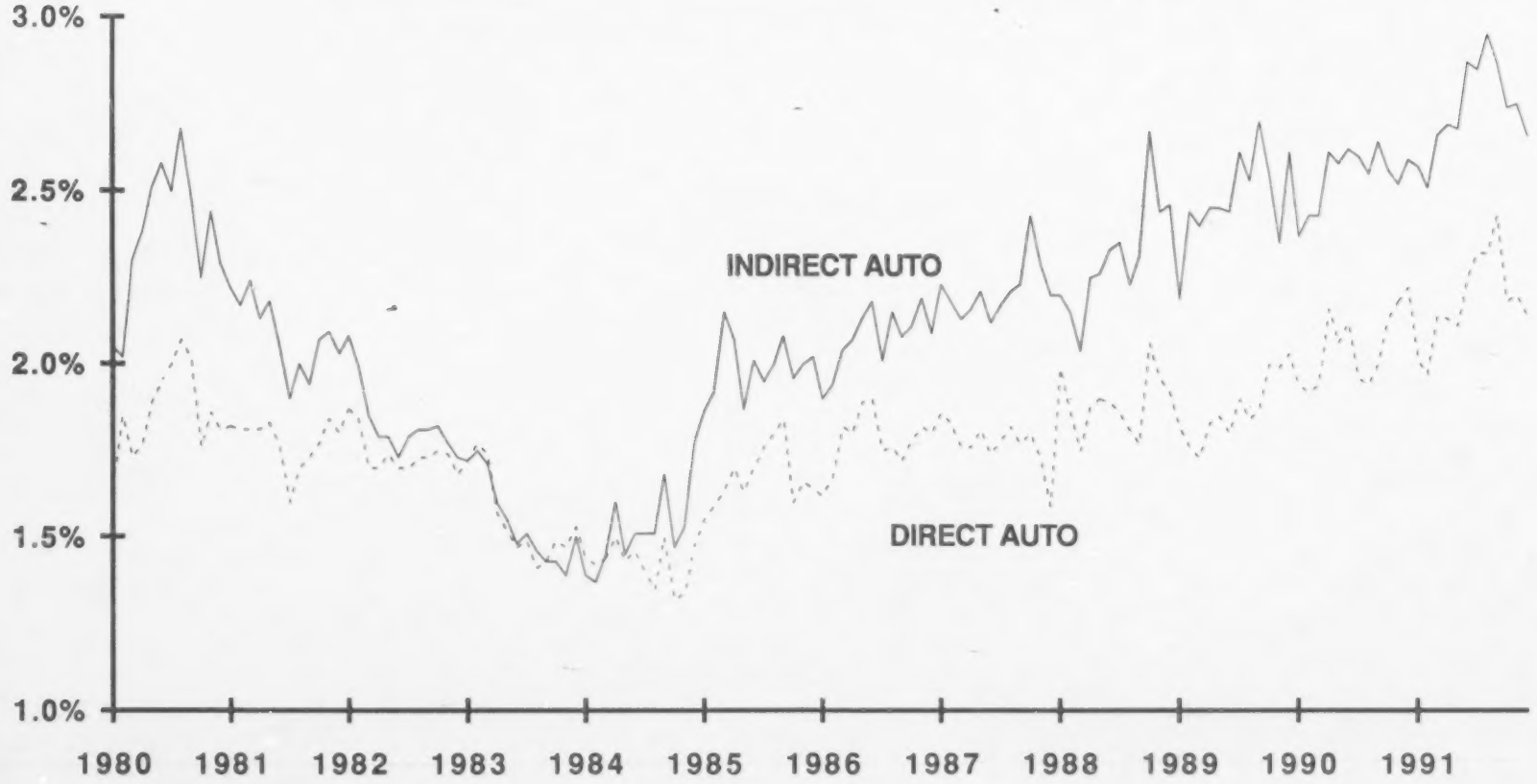


Exhibit 2.22

DELINQUENCY RATES FOR AUTOMOBILE CREDIT

(PERCENT OF LOANS 30+ DAYS PAST DUE, SEASONALLY ADJUSTED)

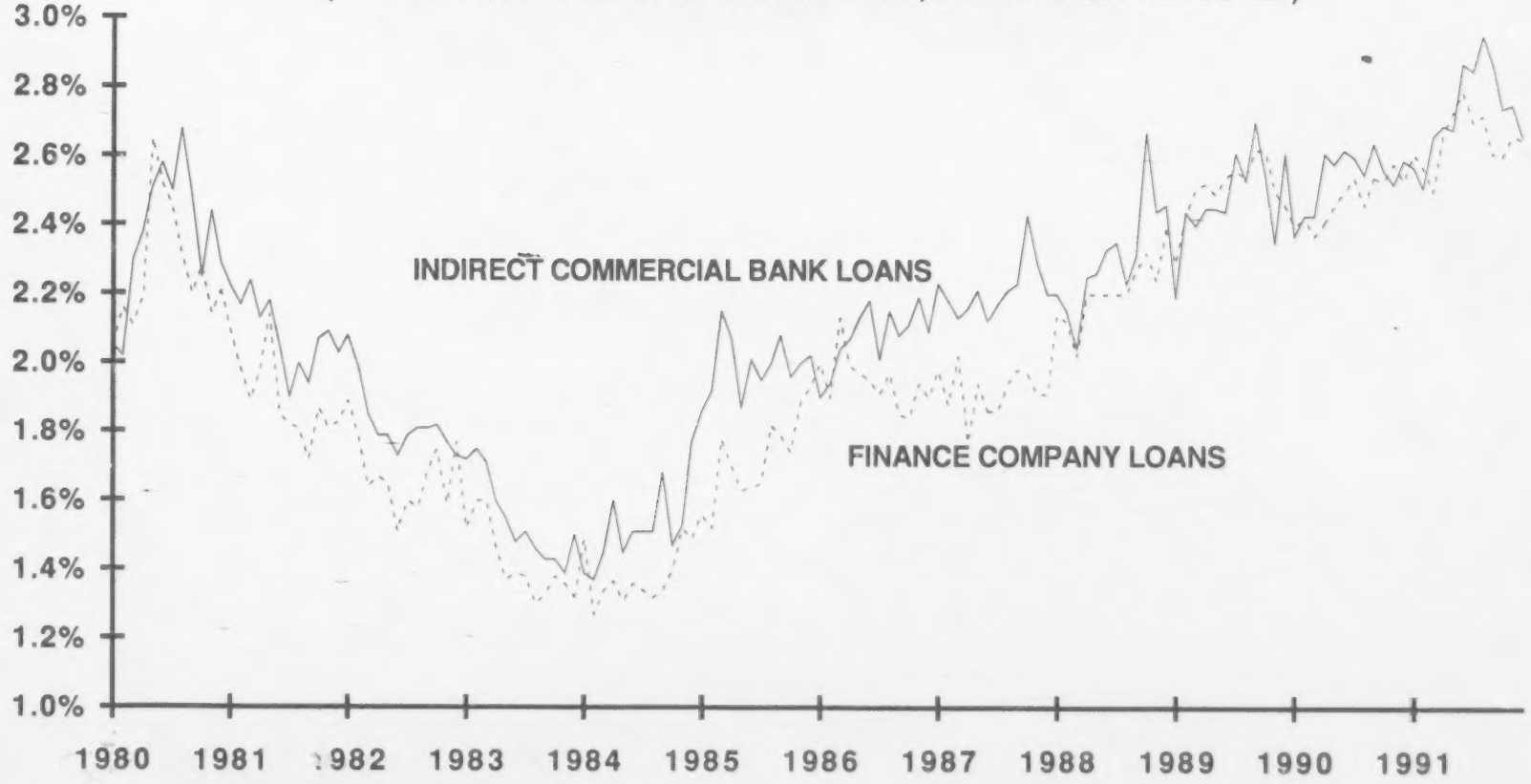


Source: ABA

Exhibit 2.23

DELINQUENCY RATE FOR AUTOMOBILE CREDIT - INDIRECT BANK AND FINANCE COMPANY LOANS

(PERCENT OF LOANS 30+ DAYS PAST DUE, SEASONALLY ADJUSTED)



Source: ABA; Federal Reserve Board

Exhibit 2.24

DELINQUENCY ON INDIRECT AUTO LOANS

(% OF $ OUTSTANDING, 30+ DAYS PAST DUE)

YEAR ENDING 12/31	ABA SERIES	CBA* SURVEY
1988	2.50%	2.20%
1989	2.74%	2.18%
1990	2.80%	2.45%
1991	2.56%	2.66%

* Direct Loans Included Through 1990

Exhibit 2.25

DELINQUENCIES - PERCENTAGE OF LOANS*

	PORTFOLIO SIZE			
TIME PAST DUE	S	M	L	ALL
31 To 59 Days	2.34%	1.94%	1.89%	2.01%
60 To 89 Days	0.54%	0.46%	0.58%	0.52%
90+ Days	0.50%	0.34%	0.34%	0.41%
Total	3.21%	2.63%	2.69%	2.79%
# Of Respondents	22	41	31	94

*Means of Respondents' Percentages

Exhibit 2.26

DELINQUENCIES - PERCENTAGE OF $ OUTSTANDINGS*

	PORTFOLIO SIZE			
TIME PAST DUE	S	M	L	ALL
31 To 59 Days	2.09%	1.82%	1.84%	1.89%
60 To 89 Days	0.50%	0.43%	0.57%	0.50%
90+ Days	0.50%	0.31%	0.44%	0.42%
Total	2.90%	2.49%	2.69%	2.66%
# Of Respondents	22	41	31	94

* Means of Respondents' Percentages

Exhibit 2.27

CHARGE-OFFS FROM BANKRUPTCY

	PORTFOLIO SIZE			
	S	M	L	ALL
MEAN # OF BANKRUPTCIES	77	343	1,231	633
BANKRUPTCY $ LOSSES/GROSS CHARGEOFFS	24.4%	18.5%	22.6%	21.3%
# Of Respondents	14	29	27	70

Exhibit 2.28

BANKRUPTCY EXPERIENCE - FULL SAMPLE

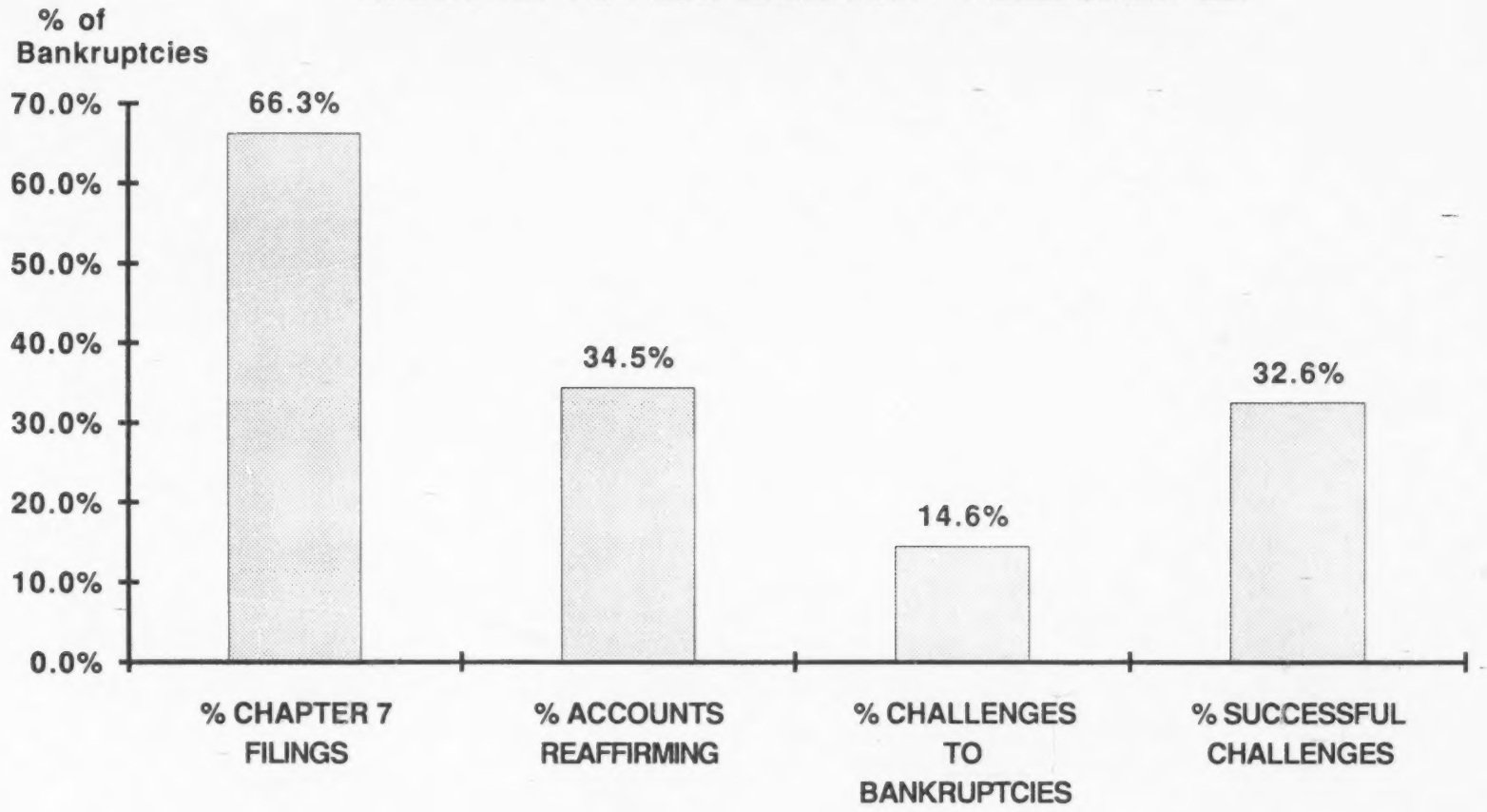


Exhibit 2.29

CHAPTER 7 FILINGS AND REAFFIRMATIONS

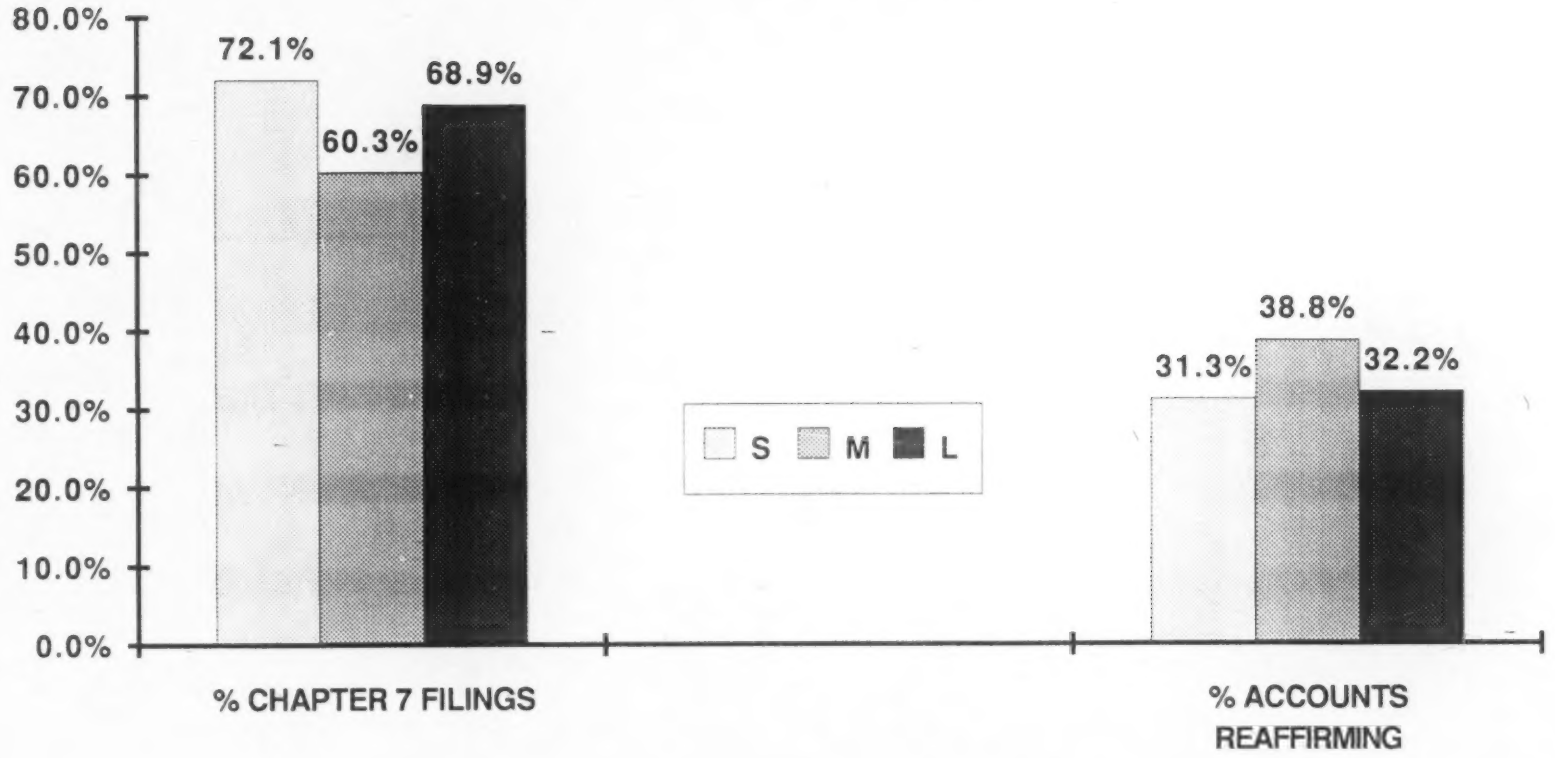


Exhibit 2.30

CHALLENGES TO BANKRUPTCIES

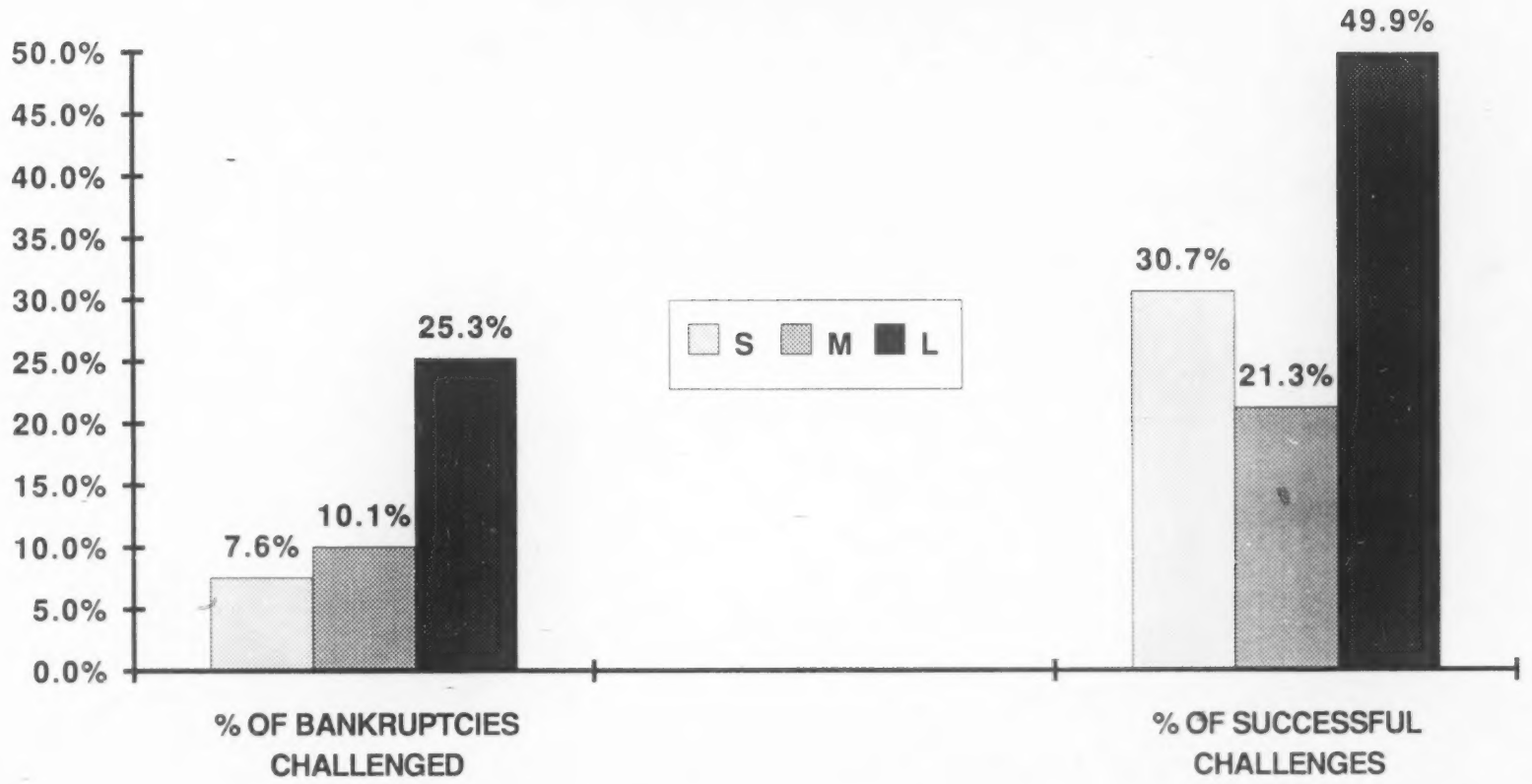


Exhibit 2.31

REPOSSESSIONS, 1991

	PORTFOLIO SIZE			
	S	M	L	ALL
MEAN # OF AUTOS REPOSSESSED*				
New (#)	66	382	1,031	530
% Of New Accounts	2.07%	1.81%	1.59%	1.79%
Used (#)	58	282	868	434
% Of Used Accounts	2.16%	1.60%	1.97%	1.86%
Total (#)	118	640	1,720	965
# Of Respondents	10	18	15	43

* Mean of Respondents' Percentages

Exhibit 2.32

COSTS OF REPOSSESSION

	PORTFOLIO SIZE			
	S	M	L	ALL
FULLY LOADED COST PER REPO (Pickup To Sale)	$349	$380	$355	$364
COST TO SELL UNIT	$157	$161	$176	$165
NET CREDIT LOSS PER REPO	$3,087	$3,873	$3,716	$3,636
# Of Respondents	19	35	30	84

Exhibit 2.33

NET LOSS, 1991
NEW VS. USED AUTOS

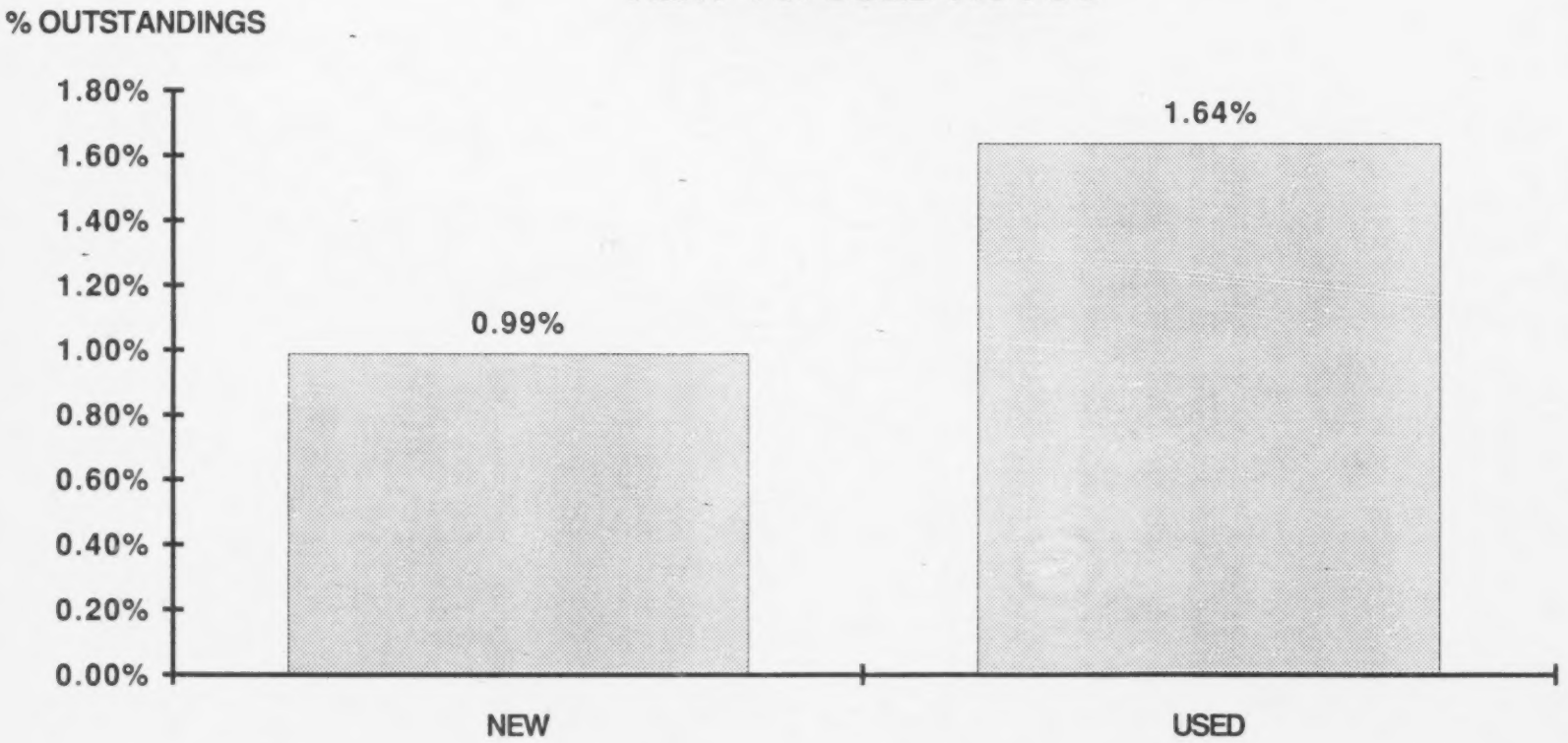


Exhibit 2.34

NET LOSSES, 1991

	PORTFOLIO SIZE			
	S	M	L	ALL
MEAN TOTAL NET LOSS (000's)	$320.6	$1,599.5	$7,121.8	$3,444.7
NET LOSS AS % of $ OUTSTANDINGS	1.39%	1.00%	1.06%	1.11%
# Of Respondents	17	31	30	78

WHOLESALE/FLOORPLAN FINANCE

OVERVIEW OF SAMPLE

The analysis in this section is based upon data provided by 64 respondents, with response levels varying among the questions asked. Not all banks that were involved in indirect auto financing also provided wholesale financing to their dealers, and small respondents were about half as likely to do so as medium and large respondents (Exhibit 1.7).

As was the case in Section Two, there were significant differences in the scope of operations of respondents grouped by size. The larger the respondent, the more years of experience (Exhibit 3.1) and the more floorplanning and retail relationships (Exhibit 3.2). On the basis of the mean number of relationships, small and large respondents provided floorplanning to 35 percent and 21 percent of their retailers, respectively.

Fewer respondents were involved in floorplanning used autos than new autos, and the average number of used autos floorplanned by those respondents who were involved was less than one sixth of the average number of new autos floorplanned (Exhibits 3.4 and 3.5). Only about eight percent of the mean dollars invested in all floorplanning was for fleet, lease or other plans. Calculations from data in these exhibits show that the mean dollar investment in new-auto floorplans was highest for small respondents (S = $13,120) vs. medium and large respondents (M = 12,301; L = $11,375). An initial reaction would be to explain the difference by assuming that small respondents financed a higher proportion of the price of new autos. However, as will be seen below, small respondents were more conservative that others in the proportion of the auction price financed. Hence, the differences in the dollars invested in floorplanning new autos apparently reflects small respondents' specializing in floorplanning higher-priced new autos.

FINANCING TERMS

The dominant practice of respondents was to finance between 90 percent and 100 percent of the auction price of "program cars" (Exhibit 3.6). Averaging the individual reports of small respondents showed that 20 percent restricted their financing to less than 90 percent of the auction price.

There are striking size-related differences in the markup over the prime rate on wholesale financing of new and used autos (Exhibit 3.7). Since the average prime rate during 1991 declined from 9.52 percent to 7.21 percent the data indicate that the average wholesale rate of small respondents for new autos ranged from 9.92 percent to 7.61 percent, while the average rate of large respondents ranged from 10.25 percent to 7.94 percent. The greater risk in floorplanning used autos helps to explain their higher wholesale rates.

Floorplan rates might be modified by the extent of retail penetration; that is, the portion of wholesale contracts that are replaced by retail contracts held by the bank. Of those responding to the question addressing this issue, 22 percent required a right of first refusal on retail contracts and about a third adjusted the floorplan rate to reflect their retail penetration (Exhibit 3.8). While the number of respondents is too small to provide great confidence in the results, the evidence indicates that small respondents obtained a much lower rate of conversion of wholesale into retail loans (14 percent) than large respondents (37 percent).

Another way of attracting floorplanning customers is to offer various types of insurance to dealers. Only seven percent of the respondents offered any form of insurance. Small lenders did not offer any type of insurance. Among those banks that offered insurance, about half of large respondents and a fifth of medium respondents offered floorplan insurance, but offerings of other types were negligible.

OPERATING PRACTICES

Most of the procedures involved in floorplanning are designed to protect the banks from two types of risk.

(1) Market risk. Autos lose value as they remain in inventory, either because the individual unit does not sell or because newer models have entered or are about to enter the market.

(2) Fraud risk. Dealers may sell autos, but fail to remit the appropriate payment to the bank. These are SOT (sold out of trust).

Market Risk.

Dealers that obtained floorplanning from the small respondents to the CBA Survey were fortunate in obtaining their financing at a low rate, since their autos remain in inventory for a longer period of time than the autos of dealers financing from medium and large respondents (Exhibit 3.10). The differences are most marked for new autos, which were financed for a median of 20 days longer by small respondents than by the other respondents.

If an auto has remained in a dealer's inventory for "too long," the bank providing wholesale financing will ask for curtailment; that is, a partial payment to reduce the amount of the loan to offset the presumed decline in the market value of the unit finance. All respondents required some form of curtailment. Since the market value of used autos generally declines more rapidly than that of new ones, curtailment begins sooner for used autos. Thus, we find that in 1991, curtailment began, on average, within four months for used cars and within 11 months for new autos (Exhibit 3.12).

Generally, there are few size-related differences in curtailment policies. However small respondents were somewhat slower in beginning curtailment on used autos and demonstrators than were larger respondents. As a reflection of the risk involved in carrying inventory beyond its time, most respondents allowed only three or four months of curtailment payments to elapse before requiring complete payoff on the loan. The only exception to this policy applies to demonstrators, where lenders permitted seven or eight months to elapse before requirement payment in full.

The percentage of the loan balance to be paid each month under a curtailment program is, of course, a function of the number of months between the start of curtailment and the payoff date. For example, we noted in Exhibit 3.12 a very short average period between the start and finish of curtailment on new autos floorplanned by small respondents. It follows that small respondents also reported the highest mean percentage of balance to be paid each period (18.9 percent) among the three groups of respondents (Exhibit 3.13).

Once a dealer sells an auto, he is expected to remit promptly the balance owed the bank. More than three-fifths of the small and large respondents demanded payment within four days, but more than half of the medium respondents were willing to let dealers use their money for five or more days after the sale (Exhibit 3.14).

Fraud Risk.

One way of guarding against a dealer's selling autos SOT is to check inventory at random and unannounced times. Small respondents were the most diligent in using floorplan checks and reconciling their results against the factory statement (Exhibit 3.15). But only a fourth of all respondents required floorplan checks more than once a month (Exhibit 3.18). In almost all cases verification and inspection was made by in-house personnel, rather than a service organization.

Respondents placed greater reliance on manufacturers' repurchase agreements and dealers' personal guarantees. Relatively few respondents relied on lenders' indemnity insurance.

LOSS EXPERIENCE

In spite of the protective measures that they employed, respondents still suffered losses. Losses were nominal until 1990, when the mean of all respondents' percentages rose from 0.06 percent to 0.40 percent of outstandings and then more than doubled in 1991 to 0.85 percent (Exhibit 3.20). In the latter year, small respondents suffered losses of 2.14 percent of outstandings. Since this figure is an average of percentages reported by small respondents, it is apparent that a few suffered very severe losses in 1991. It might be helpful to the membership of CBA to compile anonymous case histories of losses in order to develop or improve methods of managing market and fraud risk.

CONCLUSION

Wholesale financing is a low margin activity. Profitability depends heavily on controlling market risk and fraud risk. Given the economic afflictions of the automobile industry in 1991, it is understandable that some respondents suffered losses that probably

exceeded their operating margin in that line of business. Recovery during 1992 should reduce market risk and the incentive to fraud.

Exhibit 3.1

TENURE AND LOCATION OF FLOORPLANNING DEPARTMENTS

	PORTFOLIO SIZE			
# OF YEARS IN FLOORPLANNING	**S**	**M**	**L**	**ALL**
Median	13	25	30	-
Mean	21.6	25.6	31.2	27.3
# of respondents	8	29	24	61
LOCATION OF FLOORPLANNING				
Indirect lending (%)	22%	44%	28%	35%
Retail lending (%)	22%	21%	8%	16%
Wholesale lending (%)	11%	21%	24%	21%
Other (%)	45%	14%	40%	28%
# of respondents	9	34	25	68

Exhibit 3.2

FLOORPLANNING AND RETAIL RELATIONSHIPS

	PORTFOLIO SIZE			
FLOORPLANNING RELATIONSHIPS	**S**	**M**	**L**	**ALL**
Median (# Dealers)	5	25	70	-
Mean (# Dealers)	7	29	89	51
RETAIL RELATIONSHIPS				
Median (# Dealers)	21	78	270	-
Mean (# Dealers)	20	114	419	221

Exhibit 3.3

FLOORPLANNING PORTFOLIOS - ALL AUTOS*

(# OF AUTOS FINANCED AND $ OUTSTANDINGS)

	PORTFOLIO SIZE			
NUMBER	**S**	**M**	**L**	**ALL**
Median	190	2,083	8,440	-
Mean	283	2,704	13,230	7,008
# Of Respondents	8	26	23	57
$ OUTSTANDINGS				
Median (000's)	$1,715	$25,000	$122,046	-
Mean (000's)	$3,452	$41,804	$160,168	$83,246
# Of Respondents	8	31	25	64

* Includes New, Used, Leased, and Fleet Vehicles

Exhibit 3.4

FLOORPLANNING PORTFOLIOS - NEW AUTOS

(# OF AUTOS FINANCED AND $ OUTSTANDINGS)

	PORTFOLIO SIZE			
NUMBER	**S**	**M**	**L**	**ALL**
Median	138	1,900	7,000	-
Mean	233	3,176	10,988	5,784
# Of Respondents	7	23	19	49
$ OUTSTANDINGS				
Median (000's)	$1,436	$22,424	$86,500	-
Mean (000's)	$3,057	$39,068	$124,993	$67,815
# Of Respondents	7	26	21	54

Exhibit 3.5

FLOORPLANNING PORTFOLIOS - USED AUTOS

(# OF AUTOS FINANCED AND $ OUTSTANDINGS)

	PORTFOLIO SIZE			
NUMBER	**S**	**M**	**L**	**ALL**
Median	50	250	526	-
Mean	39	370	1,616	897
# Of Respondents	4	14	15	33
$ OUTSTANDINGS				
Median (000's)	$300	$2,000	$4,950	-
Mean (000's)	$366	$2,328	$16,276	$8,751
# Of Respondents	3	16	17	36

Exhibit 3.6

PERCENT OF AUCTION PRICE OF PROGRAM AUTOS FINANCED

(PERCENTAGE OF RESPONDENTS)

	PORTFOLIO SIZE			
% OF AUCTION PRICE	S	M	L	ALL
Less Than 90%	20.0%	3.5%	4.5%	5.5%
90% To 100%	80.0%	93.0%	91.0%	91.0%
More Than 100%	0%	3.5%	4.5%	3.5%

Exhibit 3.7

BASIS POINTS ADDED TO PRIME RATE

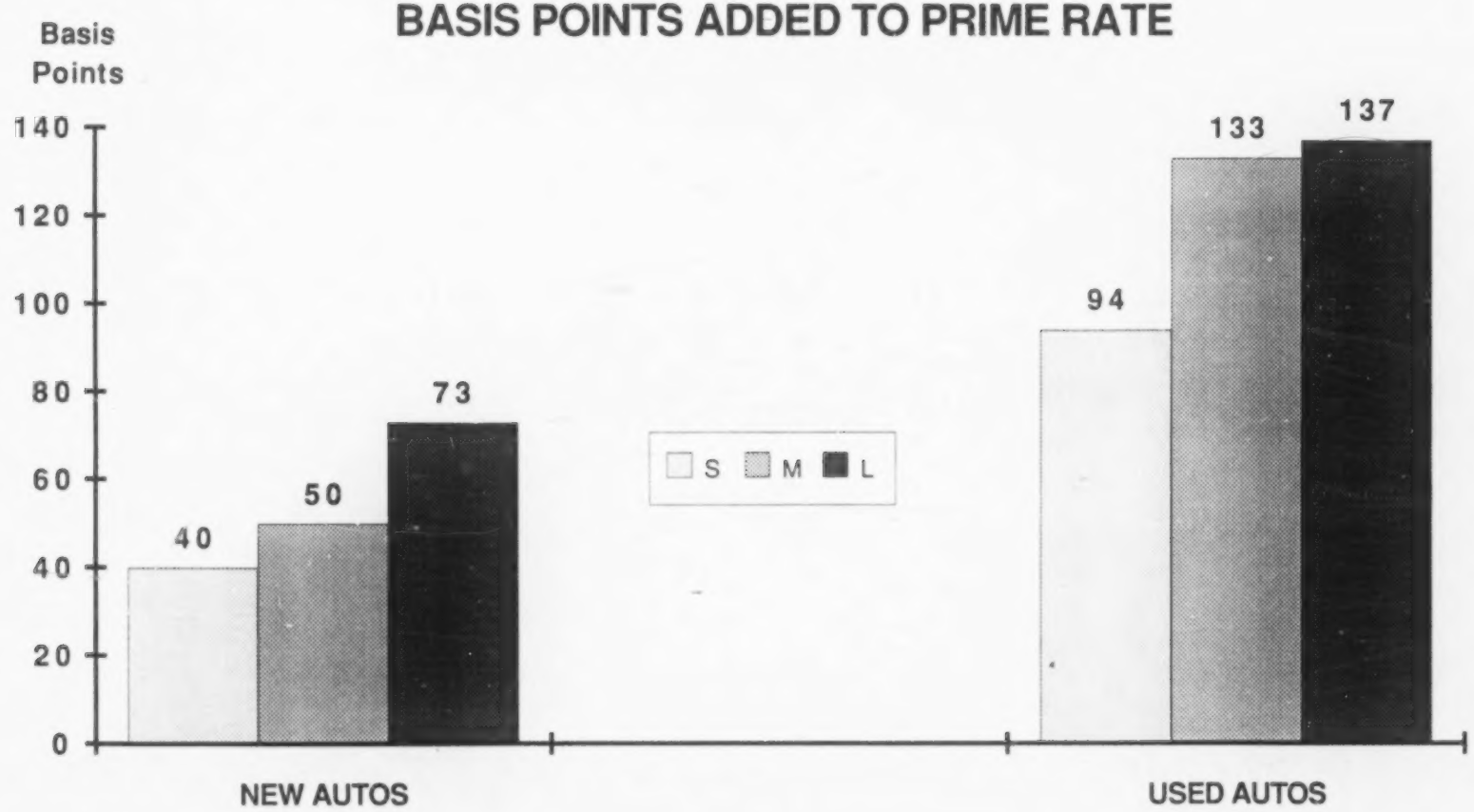


Exhibit 3.8

CONVERSION OF FLOORPLANNED UNITS TO CONSUMER LOANS

	PORTFOLIO SIZE			
	S	M	L	ALL
RIGHT OF 1st REFUSAL ON FINANCING*	22.2%	23.5%	20.0%	22.1%
# Of Respondents	9	34	25	68
REWARD FOR RETAIL PENETRATION*	33.3%	38.2%	36.0%	36.8%
# Of Respondents	9	34	25	68
% WHICH BECAME RETAIL LOANS	14.4%	35.5%	37.1%	30.7%
# Of Respondents	7	12	9	28

* Percentage Of Respondents

Exhibit 3.9

TYPES OF FLOORPLAN INSURANCE OFFERED

(PERCENTAGE OF RESPONDENTS)

	PORTFOLIO SIZE			
	S	M	L	ALL
FLOORPLAN INSURANCE	0%	18%	52%	28%
GARAGE KEEPERS INSURANCE	0%	3%	8%	4.5%
GROUP HEALTH INSURANCE	0%	3%	0%	1.5%
WORKMAN'S COMPENSATION	0%	3%	0%	1.5%
OTHER	0%	3%	4%	3%
# Of Respondents	9	34	25	68

Exhibit 3.10

DAYS THAT AUTO REMAINS IN FLOORPLAN

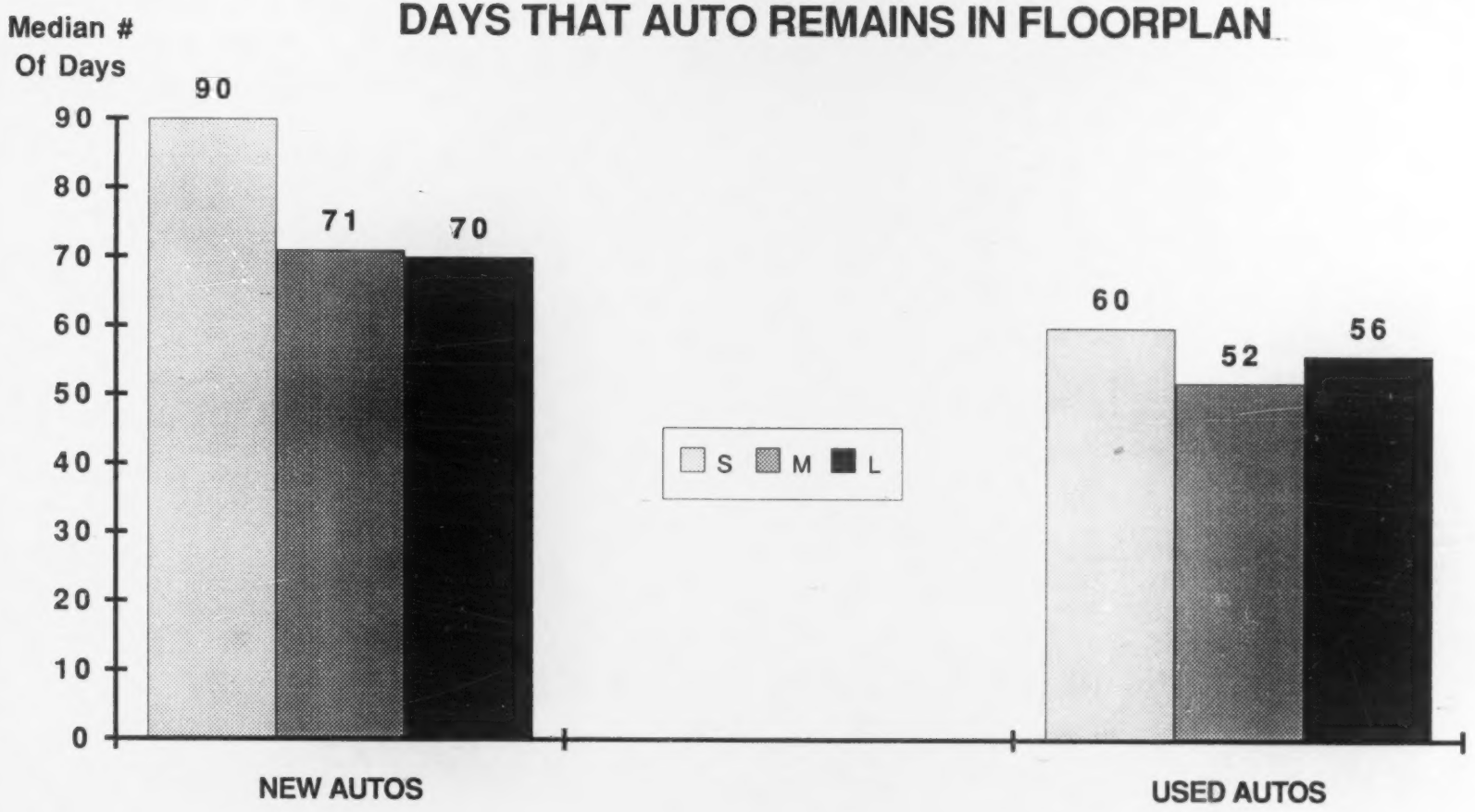


Exhibit 3.11

DAYS THAT AUTO REMAINS IN FLOORPLAN

(MEAN & MEDIAN VALUES)

	PORTFOLIO SIZE			
NEW AUTOS	**S**	**M**	**L**	**ALL**
Median (# of days)	90	71	70	-
Mean (# of days)	163	93	69	94
# of respondents	7	17	19	43
USED AUTOS				
Median (# of days)	60	52	56	-
Mean (# of days)	115	56	61	67
# of respondents	5	14	16	35

Exhibit 3.12

USE OF CURTAILMENT

	PORTFOLIO SIZE			
NEW AUTOS	**S**	**M**	**L**	**ALL**
# Months before curtailment	11.0	10.5	10.8	10.7
# Months until payoff	12.8	14.4	14.4	14.1
# of respondents	9	25	18	52
USED AUTOS				
# Months before curtailment	5.5	3.8	2.8	3.8
# Months until payoff	6.4	7.5	6.5	6.9
# of respondents	6	24	21	51
DEMONSTRATORS				
# Months before curtailment	7.8	4.6	3.3	4.5
# Months until payoff	15.6	11.1	13.5	11.8
# Of respondents	5	16	15	36

Exhibit 3.13

REQUIRED CURTAILMENT PAYMENTS

(MEAN OF RESPONDENTS' PERCENTAGES)

	PORTFOLIO SIZE			
	S	M	L	ALL
NEW AUTOS*	18.9%	9.9%	12.1%	12.1%
USED AUTOS*	54.2%	16.3%	22.8%	23.7%
DEMONSTRATORS*	16.6%	17.2%	10.3%	14.4%

* Percentage Of Balance To Be Paid Each Period

Exhibit 3.14

BUSINESS DAYS ALLOWED BETWEEN SALE AND PAY-OFF BEFORE UNIT IS SOLD OUT OF TRUST

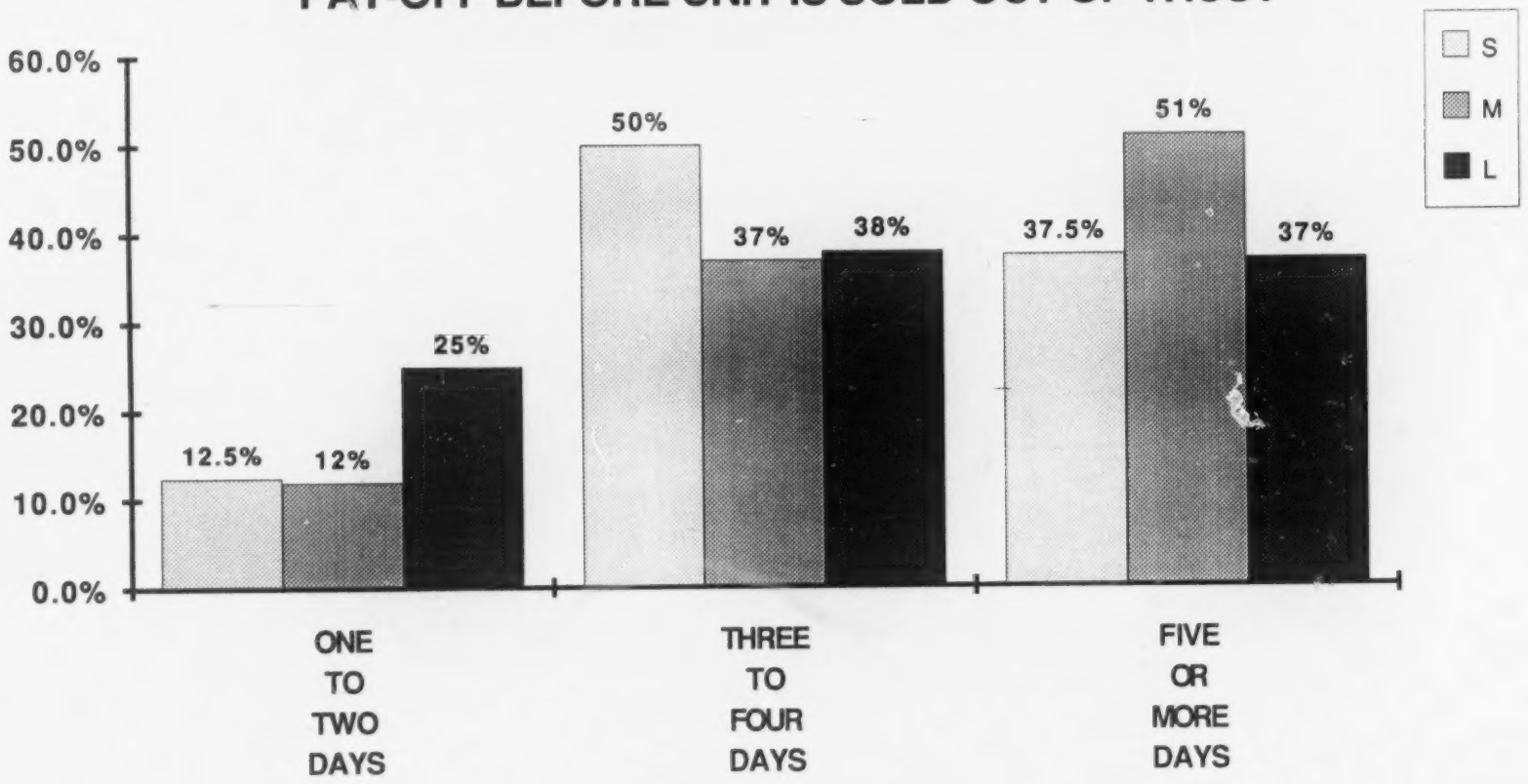


Exhibit 3.15

METHODS OF PROTECTING FLOORPLANNED AUTOS, PART 1

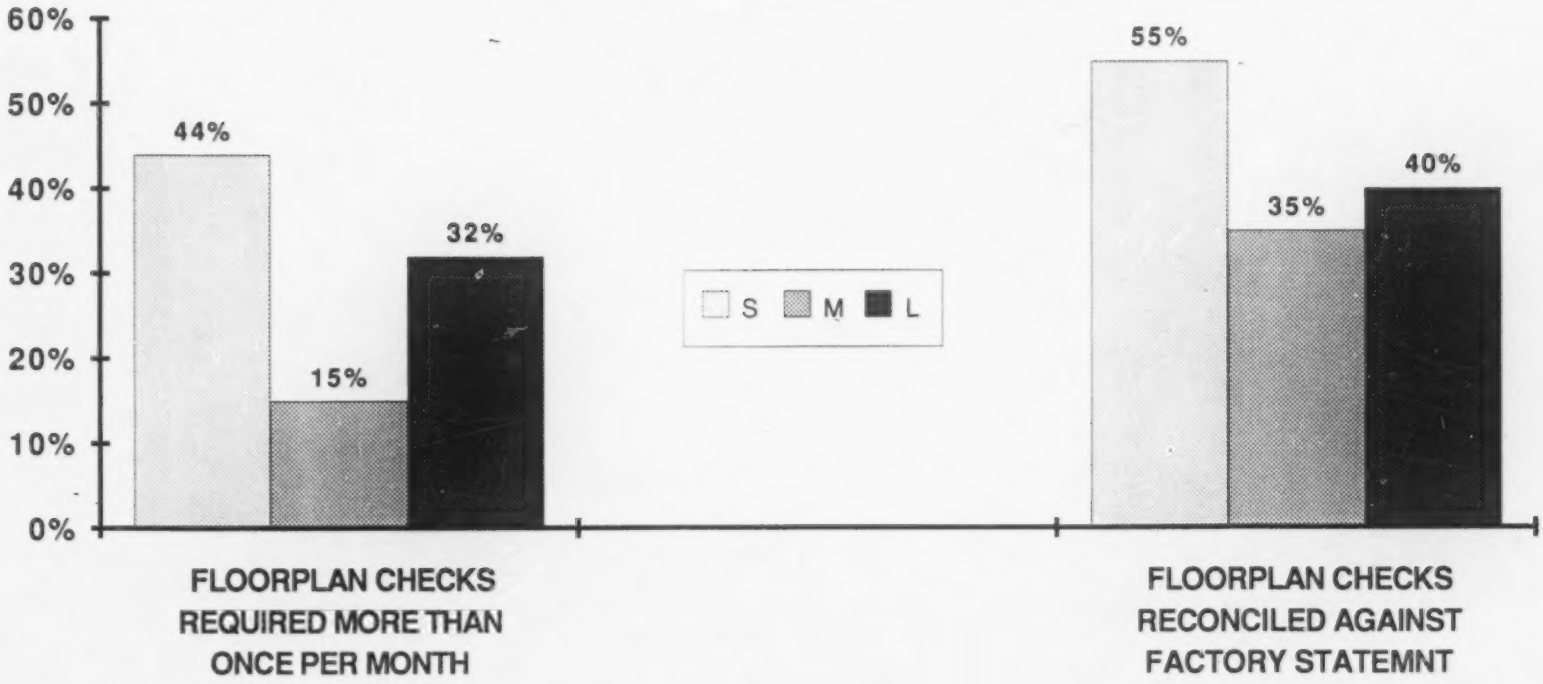


Exhibit 3.16

METHODS OF PROTECTING FLOORPLANNED AUTOS, PART 2

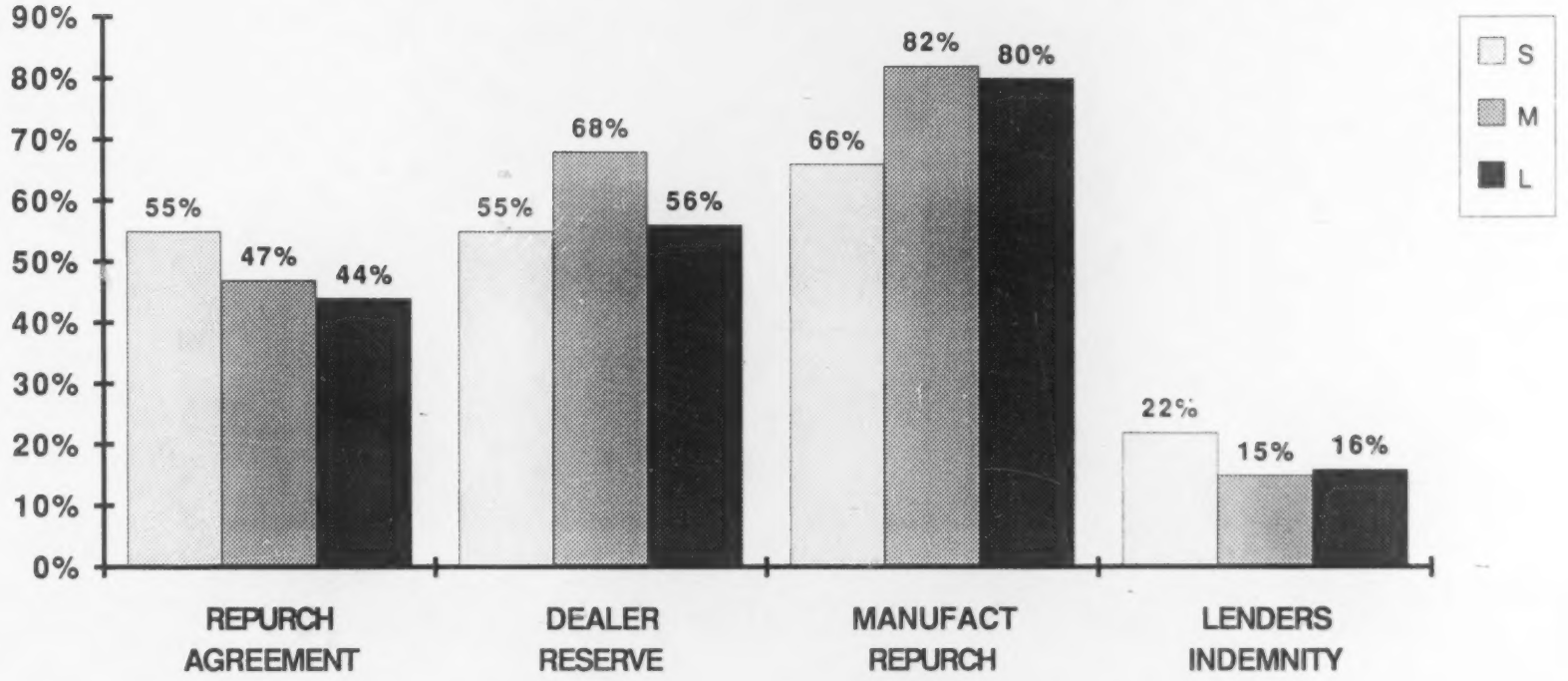


Exhibit 3.17

METHODS OF PROTECTING FLOORPLANNED AUTOS, PART 3

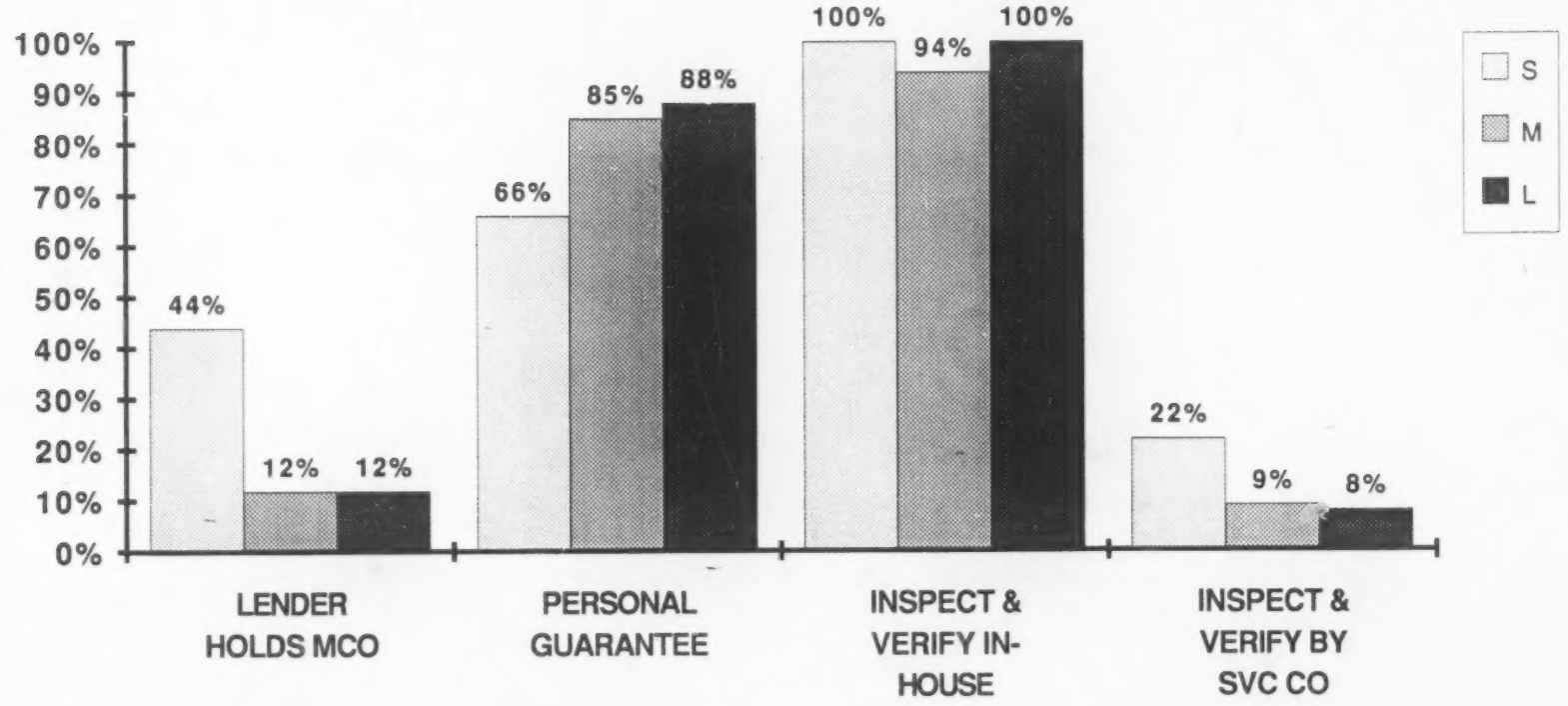


Exhibit 3.18

CONTRACTUAL PROCEDURES UTILIZED - FLOORPLAN CHECKS

(PERCENTAGE OF RESPONDENTS)

	PORTFOLIO SIZE			
	S	M	L	ALL
FLOORPLAN CHECKS REQUIRED MORE THAN ONCE PER MONTH	44%	15%	32%	25%
FLOORPLAN CHECKS RECONCILED AGAINST FACTORY STATEMENT	55%	35%	40%	40%

Exhibit 3.19

CONTRACTUAL PROCEDURES UTILIZED TO PROTECT FLOORPLAN PORTFOLIO

(PERCENTAGE OF RESPONDENTS)

	PORTFOLIO SIZE			
	S	M	L	ALL
REPURCHASE AGREEMENT	55%	47%	44%	47%
DEALER RESERVE AGREEMENT	55%	68%	56%	62%
MANUFACTURERS REPURCHASE	66%	82%	80%	79%
LENDERS INDEMNITY	22%	15%	16%	16%
LENDER HOLDS MCO	44%	12%	12%	16%
PERSONAL INDIVIDUAL GUARANTEE	66%	85%	88%	84%
INSPECT AND VERIFY IN-HOUSE	100%	94%	100%	97%
INSPECT AND VERIFY BY SVC CO	22%	9%	8%	10%

Exhibit 3.20

NET LOSSES AS A PERCENTAGE OF OUTSTANDINGS

(Mean of Respondents' Percentages)

	PORTFOLIO SIZE			
	S	M	L	ALL
1987	0.71%	0%	0.01%	0.09%
1988	0%	0.02%	0.01%	0.01%
1989	0%	0.03%	0.11%	0.06%
1990	0.40%	0.31%	0.54%	0.40%
1991	2.14%	0.42%	0.98%	0.85%

INDIRECT AUTOMOBILE LEASING

OVERVIEW OF SAMPLE

This portion of the study provides findings on respondents *indirect* automobile leasing activities as of year-end 1991. The data relate only to leases where the bank is the actual lessor and holds title to the vehicle, and does not cover lease lines of credit.

Data on indirect automobile leases were provided by 49 respondents. To reveal any differences in operating practices that are related to the size of the respondents, we have segmented respondents into three groups based on the number of leases held at year-end (Exhibit 4.1).

As described in the earlier sections of this report, there are striking differences in portfolio size across respondents. The median number of leases held by medium respondents was over five times the number held by small respondents, and the median number held by large respondents was seven times that held by medium respondents (Exhibit 4.2). As in the case of wholesale financing, the larger the respondent, the more years of experience in the business.

TRENDS: 1991 VS. 1990

Large respondents weathered the recession much better than small respondents, as indicated by a 10 percent growth in their average (mean) portfolio to $482.9 million from $439.0 million (Exhibit 4.4). Evidently, they were better able to capitalize on the shift from borrowing to leasing to acquire autos, or perhaps they purchased the portfolios of smaller banks. Only medium respondents did not increase the mean dollars invested in their lease portfolios. Taken together, all respondents experienced a decrease of 1.3 percent, a far better record than the nationwide slump of 5.9 percent in outstanding auto loans.

Whereas large respondents experienced a dramatic decline in lease applications (Exhibit 4.6), the two other groups reported increases in applications. Despite this drop in applications, large respondents did not significantly raise their approval rates

in order to maintain volume. Their approval rates increased only slightly to 60 percent from 57 percent (Exhibit 4.7). In 1991, medium respondents cut their approval rates to 46 percent from 50 percent, whereas small respondents raised theirs to 67 percent from 56 percent.

Separate calculations from the data underlying Exhibit 4.6 show that the mean capitalized cost of leases acquired during 1991 was higher, the larger the portfolios held:

S = $17,906 M = $18,144 L = $22,756

One would expect that a higher approval rate would be associated with a high success rate; that is, the ratio of the mean number of leases booked to the mean number of applications received. This anticipated relationship is evident in the 1991 data displayed below.

	S	M	L
Approval rate	67.3	45.8	59.6
Success rate	51.0	34.1	47.9

How rapidly were lease applications processed? More than half of the applications received by large respondents were processed in less than one hour, and more than two-fifths of the applications received by small respondents were approved within that time span (Exhibit 4.9). In contrast, only a third of the applications received by medium respondents were approved that quickly, and more than a fifth required two or more hours to review. It is possible that the lower success rate of medium respondents is associated with the longer processing time.

Large respondents relied more heavily than smaller respondents on dealers for lease originations (Exhibit 4.11). The sharp decline during 1991 in applications received by large respondents may be associated with their heavy reliance on dealers for their lease contracts. Small respondents who received only 75 percent of their contracts from dealers (vs. 91 percent for large respondents) experienced a 5.9 percent *increase* in lease applications, compared to a 24.7 percent decline in applications

received by large respondents.

OPERATIONS DURING 1991

Contract Terms.

All respondents required a front-end fee or lease security deposit (Exhibit 4.12). Whereas all small respondents asked for one month's rent, a fifth of large respondents levied a flat fee. Since only four respondents assessed a flat fee, it was not appropriate to disclose the average amount of the fee. As might be expected, all small respondents used coupon books, while over 70 percent of large respondents employed monthly billing.

Respondents also assessed additional fees upon termination of the lease (Exhibit 4.13). An early termination fee is similar to the premium paid for prepaying a bond or for prepaying an auto loan. Since a borrower usually decides to prepay only when it is in his or her interest to do so, it is typically *not* in the lender's or lessor's interest to have the loan or lease prepaid. Yet, just over half of small respondents levied an early termination fee, in contrast to 91 percent of large respondents. The average fee for each group of respondents was slightly over $200 (Exhibit 4.19). Size-related differences in frequency of use of end-of-term fees are evident. The average fee ranged from $175 for medium respondents to $219 for large respondents.

Still another aspect of pricing is the number of miles permitted before an excess mileage charge is assessed. Other things being equal, the lower the allowed mileage, the higher the lease cost to the consumer. The smaller the respondent, the less generous was the allowable mileage (Exhibit 4.14). Thus, while 57 percent of small respondents allowed 15,000 or more miles, 69.6 percent of medium-sized banks and 77.8 percent of large banks allowed 15,000 or more miles.

Allowing a lessee to capitalize various fees in a lease makes the front-end costs of leasing lower and the lease more attractive to consumers. Nine out of ten respondents allowed consumers to capitalize at least one fee in the lease, with large respondents being more lenient than small respondents (Exhibit 4.15). While capitalization of fees may be attractive to consumers, it also has the effect of raising the average capitalized value of the lease on the books of the lessor. The greater

frequency with which large respondents capitalized fees helps to explain their higher average capitalized value of leases observed in the discussion above. The most commonly capitalized fees were warranty packages, sales tax and license and registration fees (Exhibit 4.16).

Since the term of the lease establishes the monthly payment, it is also an aspect of the pricing decision. In fact, there was little variation in lease terms and turnover on new autos among respondents grouped by size (Exhibit 4.17). The average maximum duration permitted was abut 60 months and the mean duration allowed was about 50 months. The mean turnovers experienced on new-auto leases terminated during 1991 varied around 38 months.

Finally, a few respondents attempted to make the lease package more attractive by offering various insurance products (Exhibit 4.18). The most commonly offered type was accident and health insurance (27.3 percent of large respondents). It is possible that lessors did not actively market various types of insurance in order to limit the size of monthly lease payments.

Lease-end Activity.

We have noted that, on average, leases terminated in about 38 months, even though the mean contract duration was 50 months. More detailed data on the proportion of leases reaching full term are available in Exhibits 4.19-4.21. Since only 49 percent of leases of large respondents reached full term, it is understandable that on average 91 percent of large respondents levied an early termination fee. The percentages of leases reaching full term according to size of respondents is closely matched by the percentages of full-term leases purchased at the end of the lease. The portion of purchased leases resulting in a loss was quite high for medium and large respondents (Exhibit 4.20), a matter of significance for the next section on insurance of residual values.

About three-fourths of the leases that reached term were either paid off in cash or the auto returned to the lessor (Exhibit 4.21). There were not major differences in these outcomes among the respondents grouped by size. Large firms were evidently more flexible in extending leases from month-to-month and renegotiating new leases or loans.

Insurance of Residual Values.

As indicated in Exhibit 4.20, medium and large respondents lost on 45 percent and 49 percent of leases carried to full term. Average (mean) losses reported ranged from $662 for medium respondents to $1,018 and $2,011 for medium and small respondents, respectively. These losses exclude liquidation expenses on full-term leases, which ranged from $217 for small respondents and $296 for medium respondents and averaged $281 for all respondents (Exhibit 4.22).

Such losses motivate the purchase of residual value insurance. Somewhat more than half of large respondents purchased residual value insurance, whereas about two-thirds of the two other groups did so (Exhibit 4.23). Interestingly, the large respondents purchased only insurance without deductibles. Thus, their economic decision was to purchase residual value insurance less frequently, but when they did buy it, they sought the full protection of the more expensive non-deductible insurance coverage. Whether the coverage was deductible or non-deductible, the premiums as a percentage of the residual value tended to be lower the larger the size of the respondents (Exhibit 4.25).

Respondents used quite different methods to establish residual values (Exhibit 4.26). All small respondents used published values in such manuals as Black Book, ALG and Kelly. However, 45 percent of large respondents used their own values; obviously, the higher the value, the higher the dollar premium. It follows that an average of 21 percent of their chosen residual values exceeded the guide-book limits. Nonetheless, their average claim was notably less than the averages for the two other groups of respondents.

CREDIT QUALITY

Delinquencies on leases (Exhibit 4.27) were very slightly lower than delinquencies on auto loans (Exhibit 2.25). Aggregate delinquencies as a percentage of number of accounts were 2.62 percent for leases vs. 2.79 percent for loans. Taken as a percentage of dollars outstanding, the aggregate delinquency rates were 2.62 percent and 2.66 percent, respectively. Repossessions on leases averaged 2.09 percent of the number of accounts (Exhibit 4.28), rather higher than the corresponding rates of 1.79

percent and 1.86 percent on new and used autos, respectively (Exhibit 2.31). About a fourth of gross dollar chargeoffs were attributable to bankruptcy (Exhibit 4.29). Unfortunately, the low response rate on the lease questionnaire did not permit comparisons of credit quality by size of respondent.

CONCLUSION

In the face of recession, leasing volume held up somewhat better than indirect auto financing. Whereas small respondents appeared to have some operating disadvantages relative to large respondents in indirect auto financing, the medium respondents appeared to have more problems in auto leasing. They suffered the largest drop in their lease portfolios; their success rate in booking applications was lowest; their average processing time was longer. They were less likely to capitalize license fees, registration fees and sales tax in the lease, thereby lowering the potential size of lease contract--though the mean size was still higher than that of small respondents. Medium respondents also had the shortest average turnover, thereby increasing the overall costs of initiating and terminating leases for a given dollar value of the portfolio.

None of this analysis should suggest that medium respondents were less profitable that those in the other two groups. Sufficient data were not made available to judge their delinquency and credit losses, and no data were sought on overall profitability.

Exhibit 4.1

LEASE PORTFOLIO SIZE CATEGORIES - 1991 SAMPLE

(CLOSED-END AND OPEN-END LEASES)

PORTFOLIO SIZE	RANGE	MEDIAN #	AVG #	# RESPONDENTS
Small	53-745	578	436	9
Medium	1,187-6,629	3,009	3,255	29
Large	9,246-65,633	21,108	26,262	11

Exhibit 4.2

1991 SAMPLE BY LEASE PORTFOLIO SIZE AND EXPERIENCE

	PORTFOLIO SIZE			
# OF LEASES	**S**	**M**	**L**	**ALL**
Median	578	3,009	21,108	3,049
Mean	436	3,255	26,262	7,902
CONTRACT RECEIVABLES ($)				
Median (000's)	$5,251	$36,037	$407,144	$40,628
Mean (000's)	$6,695	$40,139	$482,923	$137,365
# OF YEARS IN BUSINESS				
Mean (Years)	5.2	8.2	13.6	8.9
Median (Years)	7	7	15	-
# Of Respondents	9	29	11	49

Exhibit 4.3

ORGANIZATIONAL LOCATION OF LEASING OPERATIONS

(PERCENTAGE OF RESPONDENTS)

	PORTFOLIO SIZE			
	S	M	L	ALL
SEPARATE DEPT/DIVISION	11.1%	46.4%	45.5%	39.6%
COMBINED WITH AUTO LENDING	66.7%	42.9%	36.4%	45.8%
CONSOLIDATED WITH OTHER DEPT	22.2%	10.7%	18.1%	14.6%
# Of Respondents	9	28	11	48

Exhibit 4.4

CHANGE IN LEASE PORTFOLIOS, 1990 - 1991

(PERCENTAGE CHANGE IN MEANS)

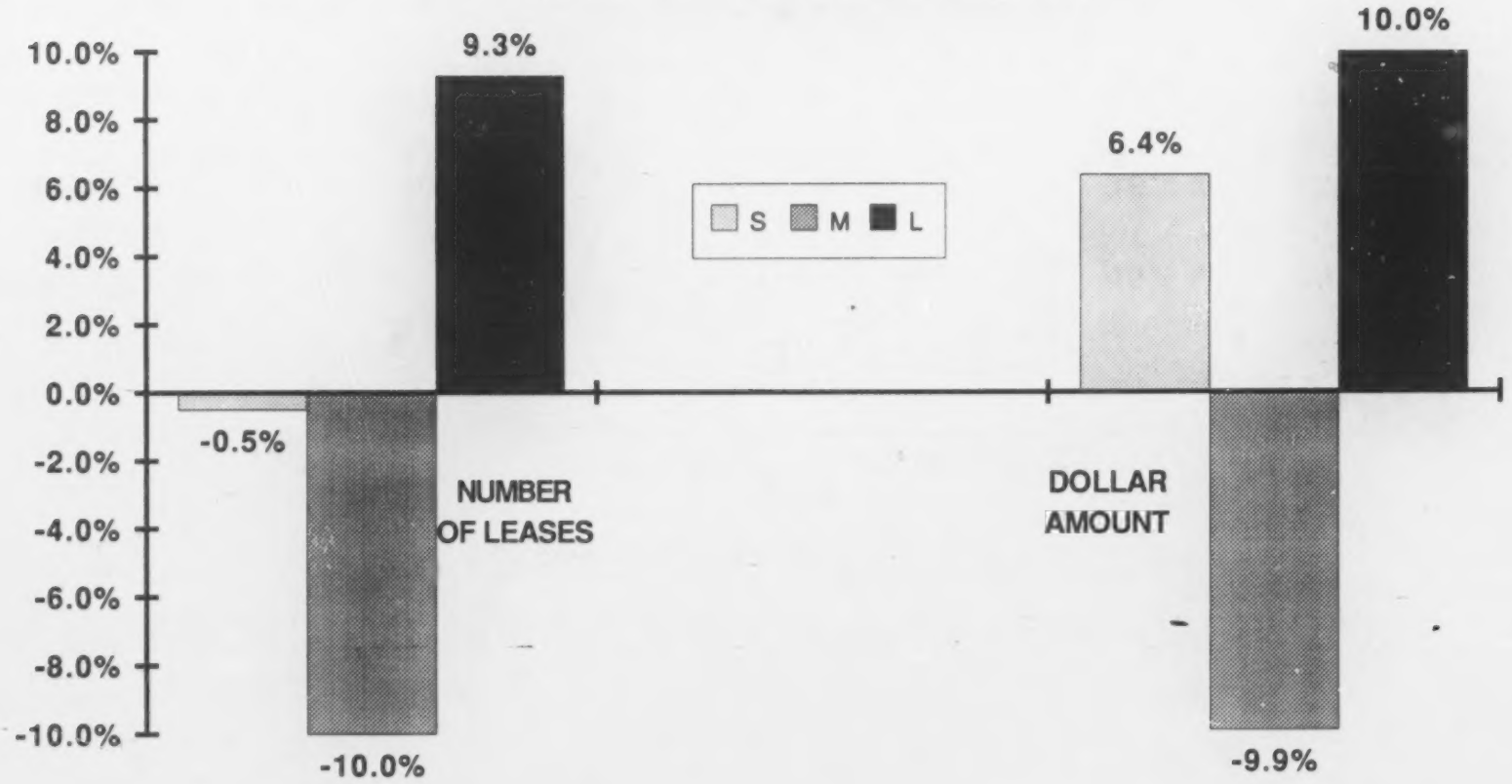


Exhibit 4.5

CHANGE IN LEASE PORTFOLIOS, 1990 - 1991

	PORTFOLIO SIZE			
# OF LEASES	**S**	**M**	**L**	**ALL**
Mean 1990	438	3,617	24,026	8,111
Mean 1991	436	3,255	26,262	7,902
% Change	-0.5%	-10.0%	9.3%	-2.6%
# Reporting Both Years	7	27	11	45
CONTRACT RECEIVABLES ($)				
Mean 1990	$6,289	$44,546	$439,025	$139,231
Mean 1991	$6,695	$40,139	$482,923	$137,365
% Change	6.4%	-9.9%	10.0%	-1.3%

Exhibit 4.6

CLOSED-END LEASING DURING 1991

(MEAN VALUES)

	PORTFOLIO SIZE			
	S	M	L	ALL
APPLICATIONS	410	1,908	12,814	4,254
% Change 90 To 91	5.9%	2.7%	-24.7%	-13.9%
APPROVALS	276	874	7,639	2,423
% Change 90 To 91	27.8%	-6.5%	-21.6%	-11.9%
LEASES BOOKED	201	651	6,140	1,885
% Change 90 To 91	21.8%	-13.5%	-13.8%	-15.1%
$ VALUE (000's)	$3,355	$10,383	$138,722	$43,787
% Change 90 To 91	73.4%	-23.1%	-18.5%	-16.1%
# Of Respondents	8	27	11	46

Exhibit 4.7

APPROVAL RATES, 1990 - 1991

(% OF APPLICATIONS)

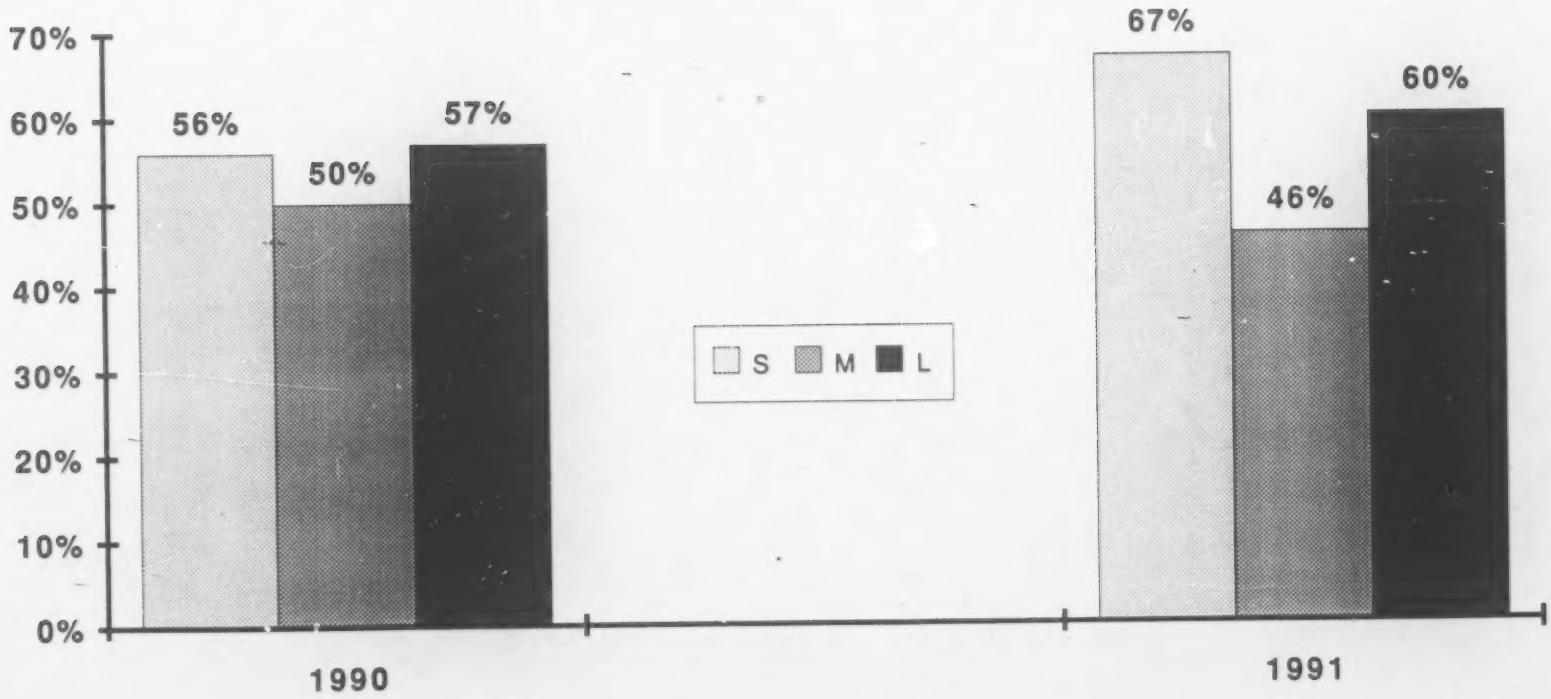


Exhibit 4.8

BOOKING RATES, 1990 - 1991

(% OF APPLICATIONS)

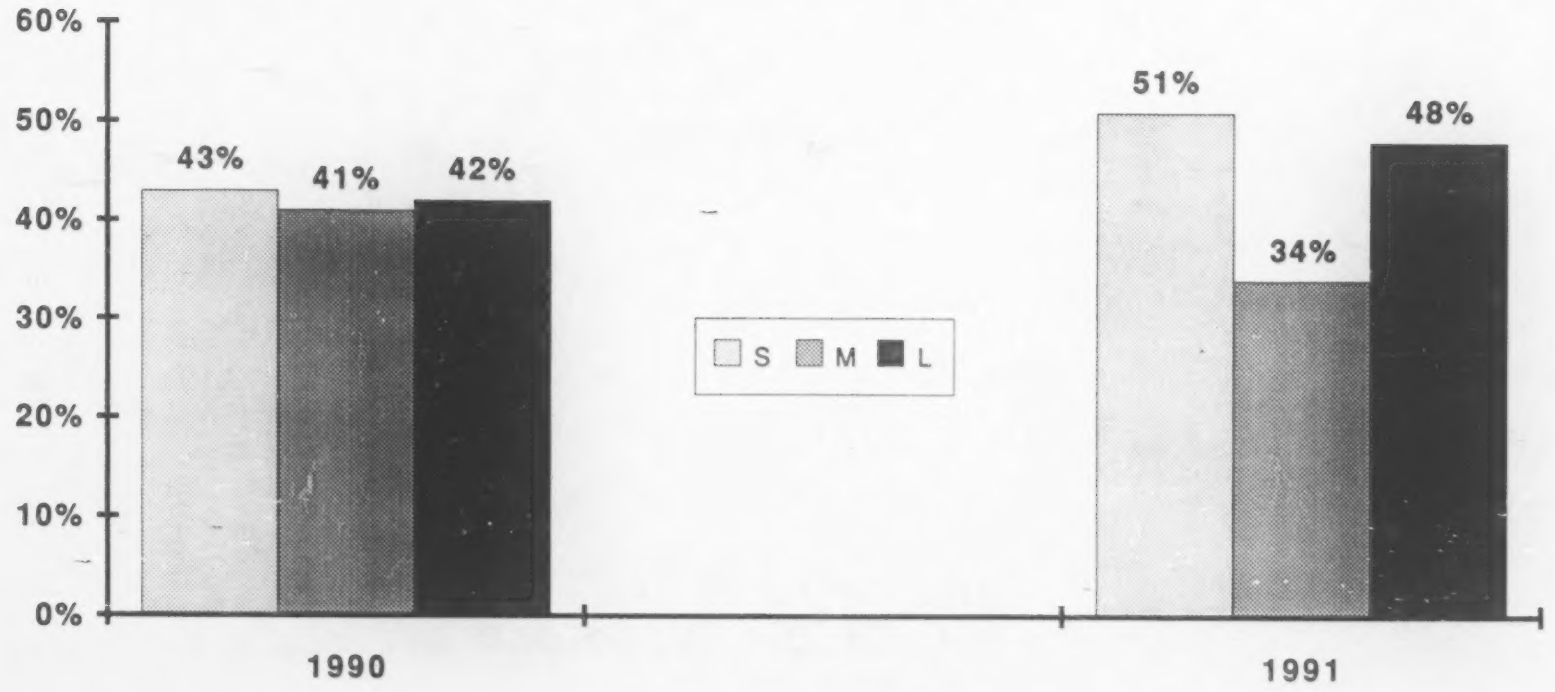


Exhibit 4.9

AVERAGE PROCESSING TIME ON LEASES

(PERCENTAGE OF RESPONDENTS)

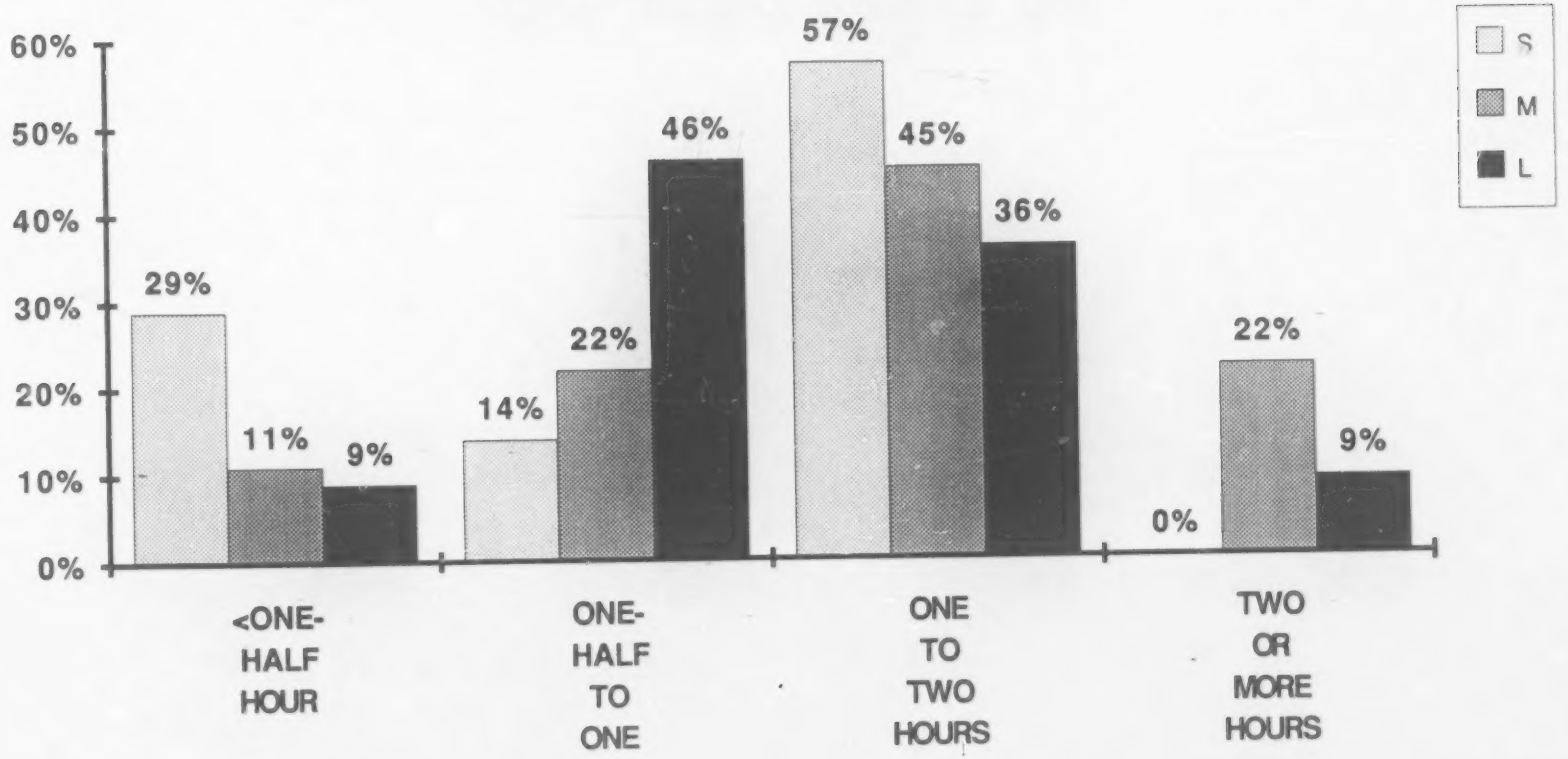


Exhibit 4.10

AVERAGE PROCESSING TIME ON LEASES

(APPLICATION TO APPROVAL - PERCENTAGE OF RESPONDENTS)

	PORTFOLIO SIZE			
	S	M	L	ALL
LESS THAN ONE-HALF HOUR	28.6%	11.1%	9.1%	13.3%
ONE-HALF TO ONE HOUR	14.3%	22.2%	45.5%	26.7%
ONE TO TWO HOURS	57.1%	44.5%	36.3%	44.4%
TWO OR MORE HOURS	-	22.2%	9.1%	15.6%
TOTALS	100%	100%	100%	100%

Exhibit 4.11

LEASE ORIGINATIONS

	PORTFOLIO SIZE			
	S	M	L	ALL
DEALERS*	75%	82%	91%	82%
INDEPENDENT LESSORS*	25%	18%	9%	18%
FLAT FEE*	89%	93%	100%	-
AVG FEE	$239	$272	$318	$277
# Of Respondents	9	27	10	46

* Percentage Of Respondents

Exhibit 4.12

CONTRACT FEATURES

(PERCENTAGE OF RESPONDENTS)

	PORTFOLIO SIZE			
	S	M	L	ALL
LEASE SECURITY DEPOSIT				
Flat fee	0.0%	7.4%	20.0%	8.7%
One month's rent	100%	85.2%	80.0%	87.0%
Both	0.0%	7.4%	0.0%	4.3%
METHOD OF BILLING				
Coupon books	100%	56.1%	28.3%	58.7%
Monthly billing	0%	43.9%	71.7%	41.3%
# Of Respondents	9	27	10	46

Exhibit 4.13

EARLY TERMINATION AND END-OF-TERM FEES

(PERCENTAGE OF RESPONDENTS)

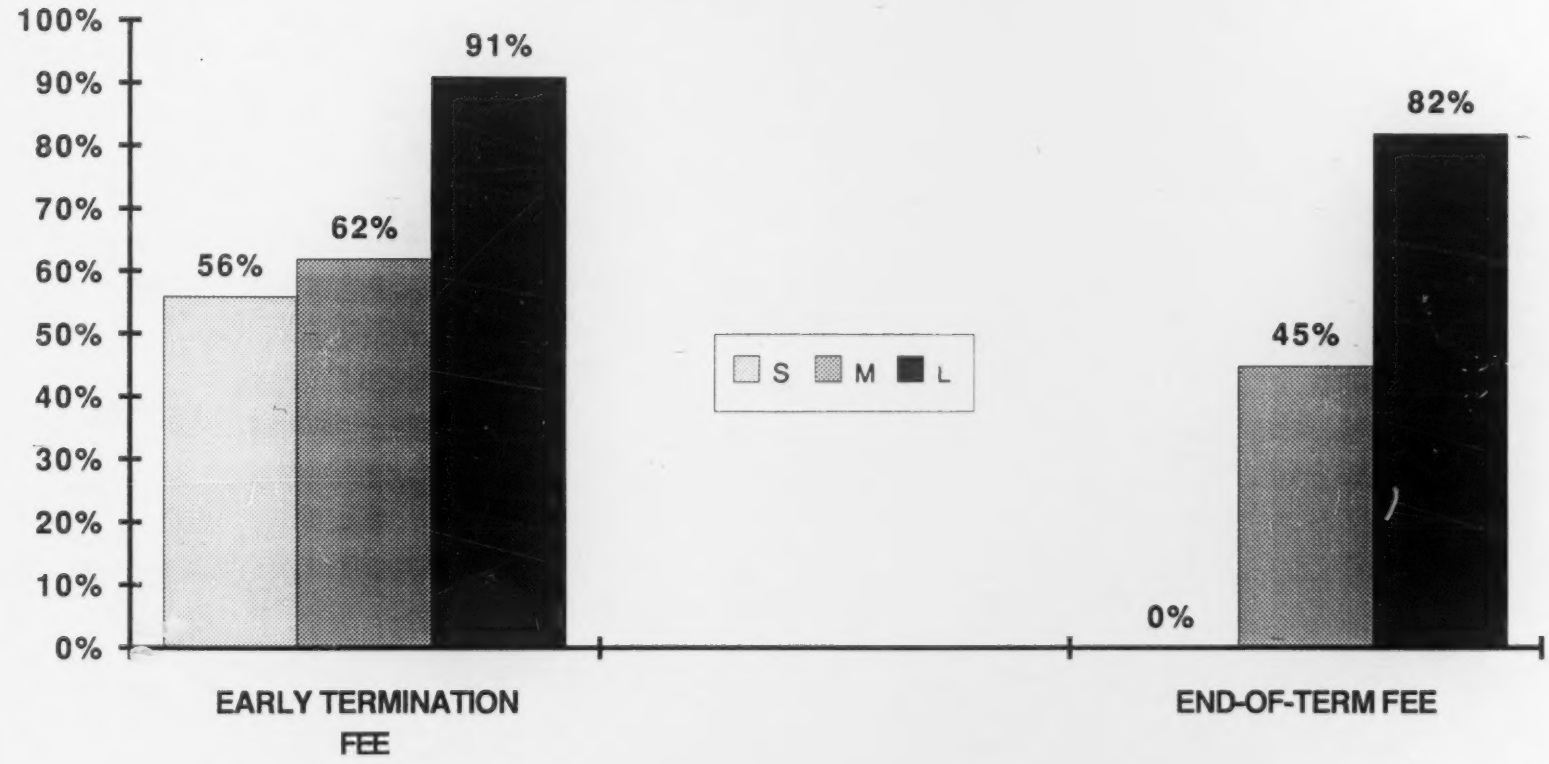


Exhibit 4.14

ALLOWABLE MILES PER YEAR

(PERCENTAGE OF RESPONDENTS)

	PORTFOLIO SIZE			
	S	M	L	ALL
MILES PER YEAR				
<13000	28.0%	4.3%	-	7.7%
13,000	0.0%	8.7%	-	5.1%
14,000	14.3%	17.4%	22.2%	17.9%
15,000	57.1%	65.3%	77.8%	66.7%
> 15,000	0.0%	4.3%	-	2.6%
CHARGE PER EXCESS MILE (Cents)	11.3	9.9	12.1	10.7

Exhibit 4.15

CAPITALIZATION OF COSTS IN LEASE

	PORTFOLIO SIZE			
	S	M	L	ALL
CAPITAL COSTS DISCLOSED IN LEASE*	22.2%	25.0%	27.3%	25.0%
FEES MAY BE CAPITALIZED IN LEASE*	77.8%	96.3%	100.0%	93.6%
License fees	55.6%	31.0%	36.4%	36.7%
Personal property tax	11.1%	3.4%	0.0%	4.1%
Registration fees	44.4%	31.0%	36.4%	34.7%
Sales tax	55.6%	41.4%	54.5%	46.9%
Warranty pkg	55.6%	82.8%	82.8%	77.6%
MAX CAP COSTS ADVANCED AS % OF MSRP	1.08	1.07	1.06	1.07

* Percentage Of Respondents

Exhibit 4.16

FEES CAPITALIZED IN LEASE

(% ALLOWING FEES TO BE CAPITALIZED)

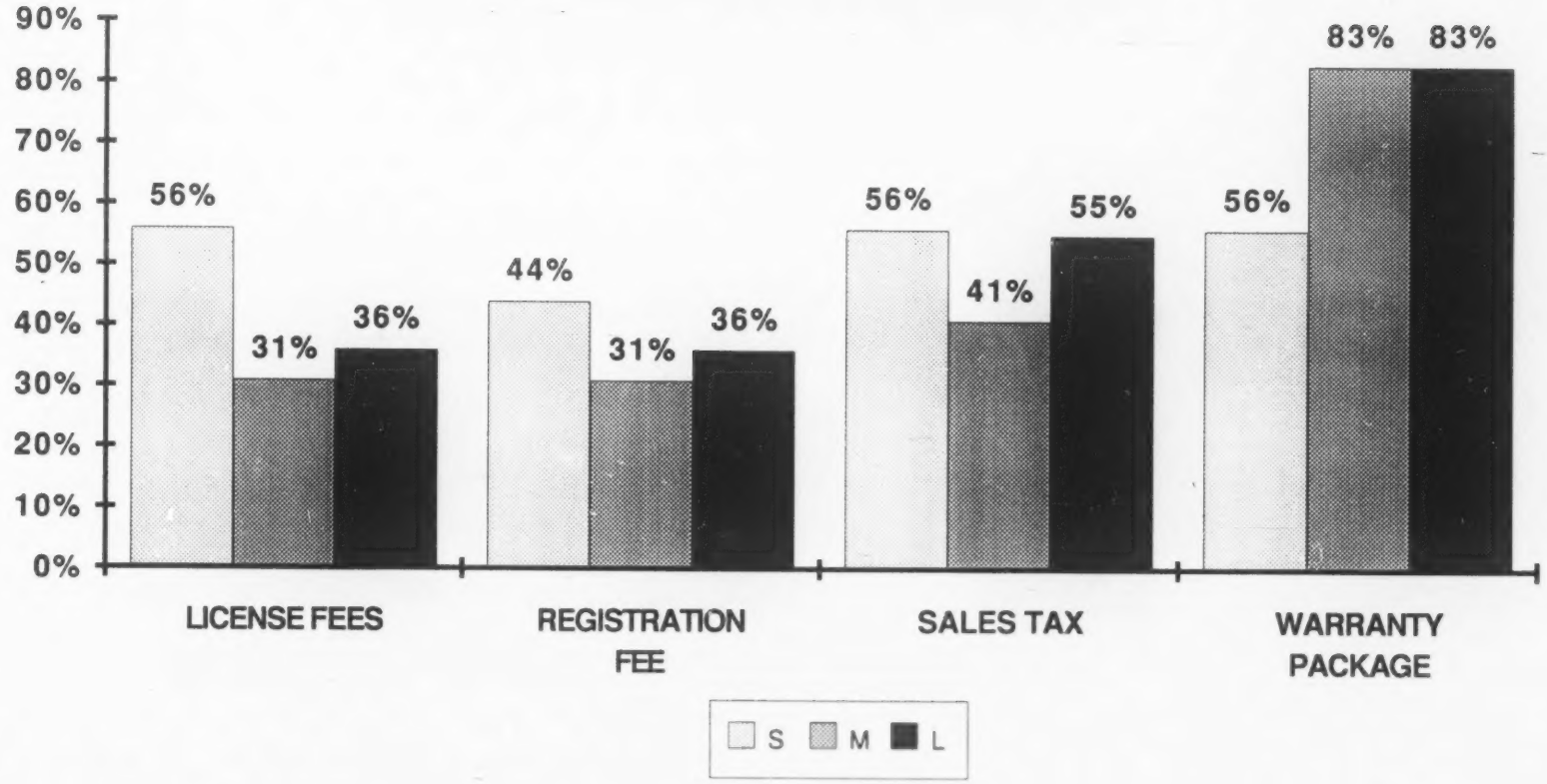


Exhibit 4.17

LEASE TERMS AND TURNOVER - 1991

	PORTFOLIO SIZE			
	S	M	L	ALL
MEAN DURATION (Months)*	49.5	49.8	52.3	50.4
MAXIMUM DURATION (Months)*	60.0	60.4	62.2	60.8
AVG TURNOVER (Months Between Lease Inception And Payoff)**	42.2	36.7	39.2	38.0

* For Leases Written During 1991

** For Leases Terminated During 1991

Exhibit 4.18

INSURANCE PRODUCTS OFFERED

(PERCENTAGE OF RESPONDENTS)

	PORTFOLIO SIZE			
	S	M	L	ALL
LIFE INSURANCE	11.1%	0.0%	9.1%	4.1%
UNEMPLOYMENT INSURANCE	0.0%	0.0%	0.0%	0.0%
GAP INSURANCE	0.0%	13.8%	9.1%	10.2%
ACCIDENT & HEALTH INSURANCE	11.1%	3.4%	27.3%	10.2%

Exhibit 4.19

LEASE END ACTIVITY

(PERCENTAGE OF RESPONDENTS)

	ALL RESPONDENTS
% OF LEASES THAT REACH FULL TERM	62.0%
ASSESS EARLY TERMINATION FEE	67.3%
Avg Size Of Fee	$202
ASSESS END-OF-TERM FEE AT MATURITY	44.9%
Avg Size of Fee	$195
ALLOW EXTENSIONS AT LEASE-END	75.5%
ALLOW 3rd PARTY ASSUMPTION	61.2%
# Of Respondents	39

Exhibit 4.20

LEASE-END ACTIVITY

(MEAN OF RESPONDENTS' PERCENTAGES)

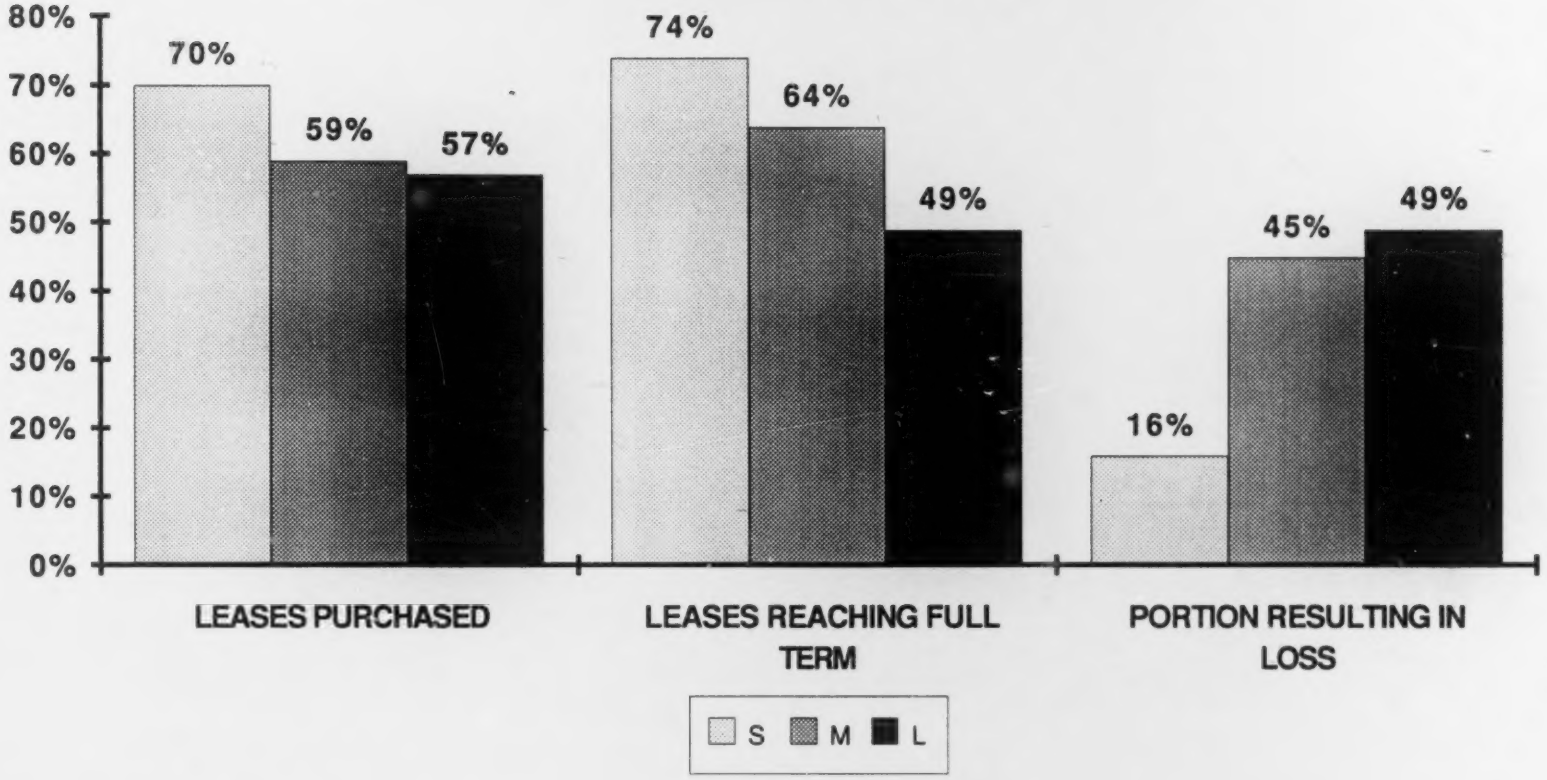


Exhibit 4.21

DISPOSITION OF LEASES REACHING TERM

(PERCENTAGE OF RESPONDENTS)

	PORTFOLIO SIZE			
	S	M	L	ALL
RETURNED TO LESSOR	25.5%	29.0%	25.6%	27.6%
EXTENDED MONTH-TO-MONTH	2.8%	4.5%	6.9%	4.9%
RENEGOTIATED TO NEW LEASE	0.0%	5.5%	3.5%	4.0%
CONVERTED TO NEW LEASE/LOAN	13.7%	11.0%	15.8%	12.8%
PAID OFF FOR CASH	58.0%	50.0%	48.2%	50.7%
TOTALS	100%	100%	100%	100%
# Of Respondents	6	22	11	39

Exhibit 4.22

LIQUIDATION COSTS

	ALL RESPONDENTS
AVG $ LOSS UPON SALE	$946
AVG $ GAIN UPON SALE	$384
AVG $ LIQUID EXPENSE (EXCLUDING GAIN/LOSS ON SALE)	$281
# Of Respondents	39

Exhibit 4.23

RESIDUAL VALUE INSURANCE PURCHASED

(PERCENTAGE OF RESPONDENTS)

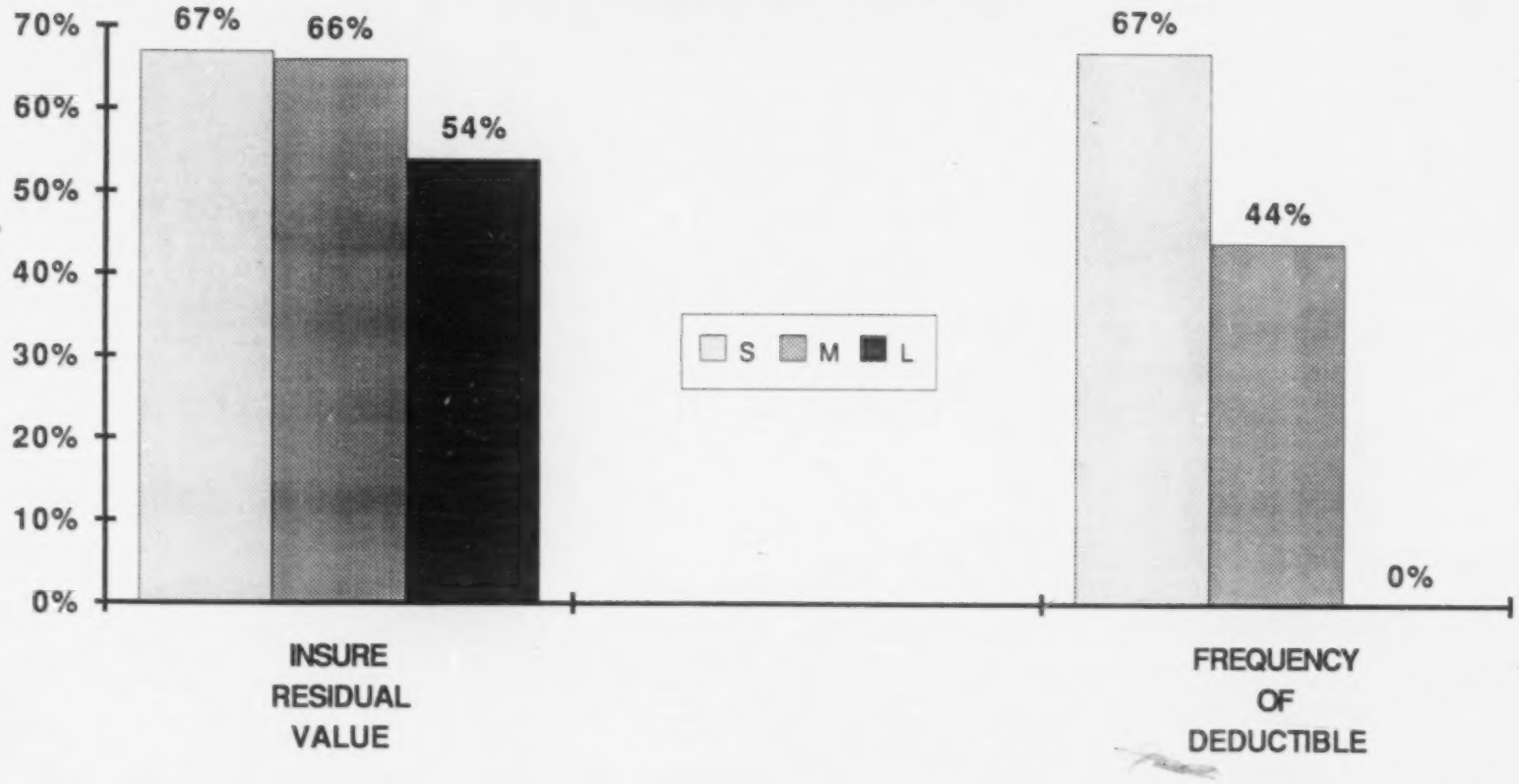


Exhibit 4.24

RESIDUAL VALUE INSURANCE PURCHASED

	PORTFOLIO SIZE			
	S	M	L	ALL
% PURCHASING RESIDUAL VALUE INSURANCE	66.7%	65.5%	54.5%	63.3%
RESIDUAL VALUE INSURANCE CONTAINS DEDUCTIBLES*	66.7%	44.4%	0%	33.3%
AVG PREMIUM AS % OF RESIDUAL VALUE				
With deductible	1.5%	1.4%	1%	1.2%
Without deductible	1.9%	2.1%	1.8%	2.0%
ADDITIONAL PREMIUM DUE IF LARGE LOSSES*	33.3%	8.7%	20.0%	14.7%

* Percentage Of Those Who Offer Residual Value Insurance

Exhibit 4.25

AVERAGE PREMIUM ON RESIDUAL VALUE INSURANCE
(AS % OF RESIDUAL VALUE)

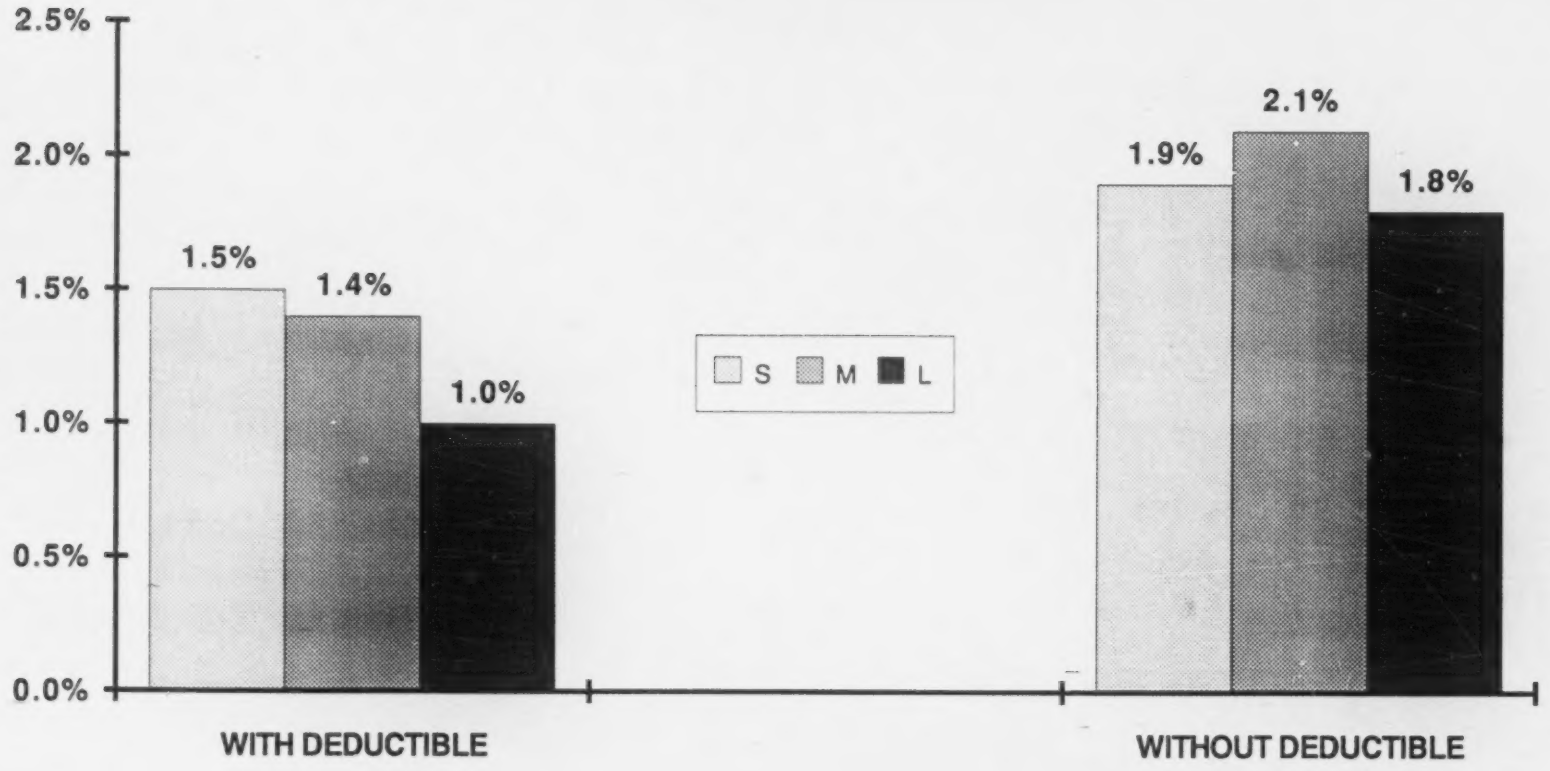


Exhibit 4.26

RESIDUAL VALUE INSURANCE CLAIM EXPERIENCE, 1991

	PORTFOLIO SIZE			
	S	M	L	ALL
% OF FULL TERM LEASES ON WHICH RESIDUAL VALUE INS APPLIED	14.0%	43.1%	45.1%	37.1%
AVG % OF FULL TERM LEASES RESULTING IN CLAIM	3.6%	23.5%	10.9%	18.1%
AVG SIZE OF CLAIM ($)	$5,152	$2,292	$1,608	$2,303
RESIDUAL VALUE METHOD (%)				
Published values	100.0%	85.2%	54.6%	79.9%
Own values	0.0%	7.4%	45.4%	14.9%
Other	0.0%	7.4%	0.0%	4.2%
% WITH RESIDUAL VALUE > GUIDE BOOK LIMITS	1.3%	10.7%	21.4%	11.6%
# Of Respondents	6	23	10	39

Exhibit 4.27

DELINQUENCIES

TIME PAST DUE	% OF ACCOUNTS	% OF OUTSTANDINGS	# OF OBSERVATIONS
31-59 DAYS	1.97%	1.95%	31
60-89 DAYS	0.39%	0.38%	30
90+ DAYS	0.34%	0.38%	26
TOTAL	2.62%	2.62%	34

Exhibit 4.28

REPOSSESSIONS

	%	$	# OF RESPONDENTS
AVG REPO FREQUENCY (Repos/Accounts)	2.09%	-	33
LOSS ON REPOS (% Of $ Outstandings)	1.01%	-	30
AVG FULLY LOADED COST PER REPO ($)	-	$352	31
AVG COST TO SELL REPO UNIT ($)	-	$182	31
AVG NET CREDIT LOSS PER REPO ($)	-	$4,990	29

Exhibit 4.29

LOSSES ON LEASE PORTFOLIO

	MEAN OF RESPONDENTS' %'s	# OF RESPONDENTS
AVG GROSS CREDIT LOSS (% Of Avg $ Outstandings)	1.21%	29
AVG NET CREDIT LOSS (% Of Avg $ Outstandings)	0.85%	28
% OF GROSS $ CHARGEOFFS ATTRIBUTABLE TO BANKRUPTCY	25.1%	24

APPENDIX

APPENDIX 1

1991 Survey Questionnaire

CONSUMER BANKERS ASSOCIATION *The Association for Retail Banks and Thrift Institutions*

1000 Wilson Boulevard, 30th Floor, Arlington, Virginia 22209-3908 Tel.: 703/276-1750 • Fax: 703/528-1290

December 23, 1991

Dear CBA Member/Auto Finance Executive:

You have supported our work in the past and we are again asking for your assistance in completing the CBA Auto Finance Survey. This is the most complete analysis of trends in our industry, and provides vital data to help financial institutions guide internal decision-making.

This year's survey has been revised and streamlined, with the assistance of CBA's Auto Finance Committee, Purdue University's Credit Research Center, and CBA. To improve the focus on indirect lending and leasing, questions on direct activity have been eliminated. Reponses will be analyzed with total confidentiality for participants by Purdue's Credit Research Center under contract for CBA.

To help ensure broad participation, we have enclosed a response postcard, which we ask that you return immediately to the Credit Research Center. This year's survey is in separate, color-coded sections, and we ask your assistance in circulating these sections to the appropriate people for completion and return. In some cases, more than one individual in an institution will receive this survey, and we apologize for the unavoidable duplication.

The deadline for the survey returns is Monday, February 3, 1992. Any institution completing the survey will receive a complimentary copy of the Executive Summary in the Spring.

Findings will be discussed on March 30 at CBA's Automobile Finance Conference in San Diego, and the complete study will be published in April.

Thank you for your assistance.

Sincerely,

Dr. Michael Staten
Director
Credit Research Center

Joe Belew
President
Consumer Bankers Association

Section One
INFORMATION ABOUT YOUR INSTITUTION

1. What type of financial institution do you represent?

___Holding Company (Single BHC)
___Multi-bank Holding Company
___Independent Bank
___Savings & Loan
___Mutual Savings Bank
___Other (specify)_____

2. Financial institution's asset size? $_____,_____,_____,_____

3. Which of the following best describes the current geographic distribution of your automobile financing business (check one)
___Single market/local (One city, cunty, or metro)
___Concentrated state regional (One region of the state)
___Statewide
___Interstate (Markets covering areas beyond state boundaries

4. In what state(s) does your financial institution conduct auto business? (check all that apply)
West
__AK, __AZ, __CA, __CO, __HI, __ID, __MT, __NM, __NV, __OR, __UT, __WA, __WY
Midwest
__IA, __IL, __IN, __KS, __KY, __MI, __MN, __MO, __ND, __NE, __OH, __SD, __WI, __WV
Northeast
__CT, __DE, __MA, __MD, __ME, __NH, __NJ, __NY, __PA, __RI, __VT
Southeast
__AL, __AR, __DC, __FL, __GA, __LA, __MS, __NC, __OK, __SC, __TN, __TX, __VA

5. Check the items in the following table that describe your current auto lending operations and plans for the next 12 months:

	Currently offer	Plan to drop	Plan to add
Direct	____	____	____
Indirect	____	____	____
Leasing	____	____	____
Floorplanning	____	____	____

Name of Institution_____

Individual completing this section:_____

Telephone:_____

Section Two
INDIRECT AUTO FINANCING

Notes: 1. All figures are assumed to apply to calendar years 1991 and 1990, unless otherwise shown below:

_____1991 Month end _____1990 Month end

2. If exact figures are not available, please estimate to the best of your ability.

1. As of Dec. 31, for 1991 and 1990, or the most recent available month-end, what were your company's total **outstandings** for indirect loans?

	1991	1990
New Cars		
Number of accounts	_____	_____
Gross dollar outstandings	$____,____,____,____	$___,___,___,___
Used Cars		
Number of accounts	_____	_____
Gross dollar outstandings	$____,____,____,____	$___,___,___,___

2. In the table below, please summarize your indirect auto lending activities during 1991 and 1990, to the best of your ability.

Indirect Lending Activity During 1991 and 1990

	1991	1990
New Cars		
Number of applications	_____	_____
Number approved	_____	_____
Number made*	_____	_____
Gross dollar volume	$____,____,____,____	$___,___,___,___

Used Cars	1991	1990
Number of applications	_____	_____
Number approved	_____	_____
Number made*	_____	_____
Gross dollar volume	$___,___,___,___	$___,___,___,___

*Conditioned deals should be calculated as approvals.

3. How many loan decisions per 8 hour day to you expect of an indirect lender?

__25 or less __26-35 __36-50 __51-60 __61-75 __more than 75

4. From application to loan approval, what was the average processing time?

____Less than one half hour
____Less than one hour
____Less than 2 hours
____2 or more hours

INDIRECT PORTFOLIO CHARACTERISTICS

5. What is your normal advance policy?

New Cars _____% of invoice _____% of MSRP

Used Cars _____% wholesale blue book?

6. What was the average amount financed, net of interest, for loans originated in 1991 (Original balance)?
New $_____
Used $_____

7. What method of pricing/accounting is used?

Simple interest____
Add-On____
Both simple and add-on____

8. What is the average turnover (the period of time from loan inception to payoff) for your loans that were paid off during 1991?

New cars _____months
Used cars _____months

If information is available, please provide turnover experience in the following detail:

New cars
____Average # of months to payoff on loans with original term of 36 months or less;
____Average # of months to payoff on loans with original term of 37-48 months or less;
____Average # of months to payoff on loans with original term of more than 49 months.

Used cars
____Average # of months to payoff on loans with original term of 36 months or less;
____Average # of months to payoff on loans with original term of 37-48 months or less;
____Average # of months to payoff on loans with original term of more than 49 months.

9. What percentage of all indirect loans in your portfolio pay out early?
____% New
____% Used

10. What is your present maximum policy maturity in months on auto loans?

New cars_____months
Used cars____months

11. What percent of deals booked during 1991 fall within the following terms? (Total should equal 100 percent)

New cars
___% 36 months and under; ___% 37-48 months;
___% 49-60 months; ___% over 60 months

Used cars
___% 36 months and under; ___% 37-48 months;
___% 49-60 months; ___% over 60 months

DEALER RELATIONS

12. On what basis do you calculate your dealer reserves?

___Flat fee (flat dollar) only
___Percent of finance charge (ratio method)
___APR
___100% difference in charges between contract rate and retention
___Fractional discount difference between contract rate and retention
___Other (name)_____

13. Do you have a no chargeback reserve program? ___Yes ___No
If yes, what percent of the total reserve do you pay? ___%

14. Do you have reserve caps over the retention (buy) rate?
___% new
___% used or
$___

15. Do you have a dealer reserve holdback? __Yes __No
If Yes, is it a specific dollar amount or a percentage of outstandings?
___Specific dollar amount $_____
___Percent of outstandings _____%

16. What percent of dealer reserves are paid...

____% Up front (____% of retention)
____% as earned
____% Other_____

17. Do you charge back dealer reserves on a prepaid contract?

____Yes
____No

If yes, up to what period of time do you chargeback?

____12 months
____24 months
____Full term of contract

18. Do you charge back the full amount of dealer reserves in the event of a repossession?

____Yes
____No

19. Do you review profitability by dealer relationship?

____Yes
____No

20. Which of the following have you successfully implemented with all or some of your dealers? (check all that apply)

___Add to discount rate for exceeding standard terms
___Payment of reserves on an as earned basis
___Holding some percentage of outstandings in a dealer reserve account
___Charging back 100% of the reserve on an account which results in a repossession/loss
___Charging application, documentation or processing fee per contract booked
___Tiered pricing
___Obtaining 90-day repurchase or some other form of recourse

CREDIT QUALITY

Note: Reported delinquencies should not include repossessed accounts or charged off accounts. Please check if your figures include:
Repossessed accounts____; Charged-off accounts____.

21. At the end of your most recent fiscal year, what were your delinquencies on indirect auto loans calculated (1) number of accounts delinquent as a percentage of number of accounts oustanding at the end of the fiscal year; (2) dollar amount of loans delinquent taken as a percentage of the dollar amount of loans outstanding at the end of the fiscal year:

Time past due	Numbers of Accounts	Dollar Amounts
31-59 days	_____%	_____%
60-89 days	_____%	_____%
90+ days;	_____%	_____%
Total	_____%	_____%

22. In 1991, or for the most recent 12 month period available, what was the number of bankruptcies filed and the percent of gross charge-offs attributable to bankruptcy in your indirect portfolio?

Number of bankruptcies_____
Percent of gross charge-offs attributable to bankruptcy (bankruptcy losses divided by gross charge-offs) _____%

23. Of the above total bankruptcies, how many were filed under chapter 7? ____#
How many others were filed under chapter 13? ____#

24. How many of the bankrupt accounts have reaffirmed their auto loan? _____#

25. What is the percent of challenges you have made to these bankruptcies?____%
What percent of these challenges have been successful? ____%

26. What was your average repo frequency rate during 1991? (that is, the number of repos divided by the total number of accounts outstanding at the end of the fiscal year)
New___%
Used___%

27. What has been the total number and percentage of accounts repossessed?
What was the total dollar volume loss on repos, and what was the loss as a percentage of outstandings?

New Cars Repossessed

Number	Percent of Accounts	% of Outstandings
_____	_____%	_____%

Total gross dollar losses	Total dollar losses net of recovery
$_____,_____,_____,_____	$_____,_____,_____,_____

Used Cars Repossessed

Number	Percent of Accounts	% of Outstandings
___ ___	_____%	_____%

Total gross dollar losses	Total dollar losses net of recovery
$_____,_____,_____,_____	$_____,_____,_____,_____

28. What is the average fully loaded cost per Repo (pickup to sale) $_____

29. What is average cost to sell a repossessed unit? $_____

30. What is the average net credit loss per repossession (including the above costs)?
$_____

31. Please indicate the dollar volume of actual loss in this year for both new and used car loans. (A gross loss ratio will be calculated based on gross dollar outstandings reported in question 1.)

Gross Credit Losses

	Dollar Volume
New Cars	$___,___,___,___
Used Cars	$___,___,___,___
Total	$___,___,___,___

Net Loss After Recoveries

	Dollar Volume
New Cars	$___,___,___,___
Used Cars	$___,___,___,___
Total	$___,___,___,___

Thank you for completing this section of CBA's Auto Finance Survey

Name of Institution_____

Individual completing this section:_____

Telephone._____

Section Three
WHOLESALE/FLOORPLAN FINANCE

1. How many years has your company been involved in wholesale financing? ___ Years

2. This department is part of (Check one):

___Indirect lending
___Retail lending
___Wholesale lending
___Other, please specify_____

3. What was your *average* gross yield *(expressed in basis points) over the prime rate* on new auto floorplanning? ___%

4. What was your *average* gross yield *(expressed in basis points) over the prime rate* on used auto floorplanning? ___%

5. How many dealerships (different addresses) were represented in your portfolio?

___Floorplanning relationships
___Retail relationships

6. What percent of auction price do you floor plan "program cars"?
___Less than 90%
___Between 90-100
___More than 100%

7. For the past year, what was the AVERAGE number of units and average dollar outstandings for automobile floorplanning?

	Number	Gross Outstandings
New Cars	_____	$_____,_____,_____,_____
Used Cars	_____	$_____,_____,_____,_____
Fleet	_____	$_____,_____,_____,_____
Lease	_____	$_____,_____,_____,_____
Other	_____	$_____,_____,_____,_____
Total	_____	$_____,_____,_____,_____

8. Are monthly financial statements required? ___Yes ___No
If no, what is frequency required? ___
If annually only, do you require an account-prepared statement? ___Yes ___No

9. Average number of days a *new* unit remains in floorplan.
___Days
Average number of days a *used* unit remains in floorplan.
___Days

10. Do you require first right of refusal on retail? __Yes __No
Do you penalize or reward dealerships in the floorplan rate for retail penetration?___Yes___No

11. What percentage of the floorplanned units as wholesale loans became retail loans with your company in the last year?
___%

12. Which of the following do you offer? (check all that apply)

___Floorplan insurance
___Garage-keepers insurance
___Group health insurance
___Workman's compensation
___Other (explain)_____

What percentage of dealerships use any of your insurance plans? ___%

13. Which of the following do you require when financing? (check all that apply):

___Repurchase agreement?
___Dealer reserve agreement?
___Manufacturers repurchase agreements?
___Lenders indemnity insurance?
___Lender holds MCO (manufacturer certificate of origination)?
___Personal individual guarantee?
___Inspection and verification of floorplanned units by in-house personnel?
___Inspection and verification of floorplanned units by service company?
___Other(s) (specify)_____

14. Do you require floorplan checks more than once per month?
___Yes ___No

15. Do you perform reconcilements on floorplan checks against factory statement?
___Yes ___No

16. How many business days do you give a dealer after the sale date of the vehicle to pay the unit off before you consider the unit Sold out of Trust (SOT)? __1 day __2 days __3 days __4 days __5 days __more than 5 days

17. Do you have a financing policy to put a dealer on finance hold? ___Yes ___No

18. Do you charge flat fees on floored units?
___Yes ___No
If Yes, $_____New; $_____Used

19. Have you had a floor plan liquidation in the past year? _Yes __No
If yes, how many? ___

20. Do you use curtailment?

___Yes, for new cars.
___Yes, for used cars.
___Yes, for demonstrators.
___No

If yes:
New cars: Curtailment begins after ___months.
Used cars: Curtailment begins after ___months.
Demonstrators: Curtailment begins after ___months or ___miles.
___Based on date vehicle put on floor plan.
___Based on model years.

New cars: After that date (above), ___% of balance must be paid each ___month.
Used cars: After that date (above), ___% of balance must be paid each ___month.
Demonstrators: After that date (above), ___% of balance must be paid each ___month.

New Cars: Balance must be paid off no later than ___months.
Used cars: Balance must be paid off no later than ___months.
Demonstrators: Balance must be paid off no later than ___months.

21. What were losses as a percent of outstandings on floorplan lending for each of the last five years?

_____%1991
_____%1990
_____%1989
_____%1988
_____%1987

22. What is the current percent of outstandings that are considered non-performing assets?

_____%

23. What is the current percent of assets that are considered to be "watch list" credits?

_____%

Name of Institution_____

Individual completing this section:_____

Telephone:_____

Section Four
Indirect Automobile Leasing

The following questions relate to your ***indirect*** automobile leasing activities as of year end 1991. Please report only those leases where the bank is the actual lessor and holds title to the vehicle. Lease lines of credit should not be reported. Please fill out each question as completely and accurately as possible. If you do not have the specific data that fit the question, please give the best and most appropriate information available. If a question is not relevant to your operation, please mark *"NA"*.

All questions, unless otherwise stated, relate to 1991 indirect leasing activity.

1. How long has your company been involved in indirect automobile leasing?_____Years ____Do not offer indirect leasing

1. As of Dec. 31, for 1991 and 1990, or the most recent available month-end, what were your company's total lease contract receivables (outstandings) for indirect leases?

	1991	1990
Closed-end New Car Leases		
Number of accounts	_____	_____
Lease Contract Receivables	$___,___,___,___	$___,___,___,___
Open-end New Car Leases		
Number of accounts	_____	_____
Lease Contract Receivables	$___,___,___,___	$___,___,___,___

2. In the table below, please summarize your indirect auto leasing activities during 1991 and 1990, to the best of your ability.

Indirect Leasing Activity During 1991 and 1990

	1991	1990
Closed-end New Car Leases		
Number of applications	_____	_____
Number approved	_____	_____
Number booked*	_____	_____
Total value of leases booked (capitalized cost)	$___,___,___,___	$___,___,___,___
Open-end New Car Leases		
Number of applications	_____	_____
Number approved	_____	_____
Number booked*	_____	_____
Total value of leases booked (capitalized cost)	$___,___,___,___	$___,___,___,___

*Conditioned deals should be calculated as approvals.

2. Does your institution operate a separate auto leasing department/division, or is it organized under a larger unit such as consumer/retail function?

____Separate auto leasing department/division
____Combined auto lending and leasing department/division
____The activity is organizationally not separated, but is consolidated under a (specify)_____

4. What was the total marketing budget for promotion, advertising, direct mail, etc., ***per lease***, for indirect auto leasing (exclusive of salaries)? $_____

5. From application to lease approval, what was the average processing time?

Indirect
____Less than one half hour
____Less than one hour
____Less than 2 hours
____2 or more hours

6. What percent of business do you do with dealers versus independent lessors?
_____% of business with dealers
_____% of business with independent lessors

7. What type of billing method do you use?

_____% Coupon Books
_____% Monthly Billing

8. What was the **average** term of new indirect auto leases made during 1991?

_____Months

9. What was the **maximum** term of new indirect auto leases made during 1991?

_____months

10. What is the average turnover (the period of time from loan inception to payoff) for your indirect new car leases that were paid off during 1991? _____# months

11. Is the lease acquisition fee for your institution:

____Flat Fee $_____
____Percent of acquisition cost _____%
____Currently have no acquisition fee

12. The lease security deposit for your institution is:

Equal to _____month's rent or flat dollar amount of $_____.

13. Do you have a lease with capital cost disclosed? ____Yes ____No.

14. What is the maximum amount of capitalized costs advanced as a percentage of manufacturers suggested retail price (including all fees)? ____%

15. Do you allow fees to be capitalized? ____Yes ____No

If Yes, which of the following fees do you allow to be capitalized?

___License fees
___Personal property tax
___Registration fee
___Sales tax
___Warranty packages
___Other (specify)_____

16. What insurance products are offered by your bank as part of the lease arrangement? What percent of customers accepted these products (penetration rate)?

	Penetration rate
___Lease life insurance	____
___Unemployment insurance	____
___Gap insurance	____
___Accident and health insurance	____
___None of the above	
___Other (Specify)_____	

17. Do you insure residual value? ___Yes ___No
If Yes, do you usually buy residual value insurance with deductibles?___Yes ___No

18. What was the average premium per lease of residual value insurance as a percentage of residual value?
With deductible _____%
Without deductible _____%

19. Is additional premium due if losses exceed a certain level? ___Yes No___
What is the additional rate?_____

20. What percent of full term leases resulted in claim in 1991, and what was the average claim amount?

% of full term leases	Average Claim Amount
_____%	$_____

21. What percent of leases reached scheduled termination last year where residual value insurance has applied?

____% of full term leases

22. What is the primary method of setting residual values on your leases?

___Use ALG, Black Book, Kelly, or similar publication
___Set own values independently (including adjusting guidebooks)
___Other (specify)_____

23. What percentage of your leases have residual values *above* guide book limits?

_____%

24. What percentage of full term leases are purchased at the end of the lease? _____%

25. Upon sale of full term leases (do not include early term gains/losses), what percent resulted in gain (and the average gain per lease) and what percent resulted in loss (and the average loss)?

_____% Gain, and the average gain per lease was $_____
_____% Loss, and the average loss per lease was $_____

What was the total aggregate dollar gain or loss per vehicle upon sale of full term leases?

$_____ gain/loss

26. What percentage of *all leases* terminated early (not including credit losses)? _____%

What percentage of all leases reached term? _____%

27. What is the average liquidation expense per full-term unit not including gain or loss on sale? $_____

28. Does your institution allow extensions of the existing lease contracts beyond the original terms of the lease? ___Yes ___No

29. For leases that reach term, what percentage (total should equal 100%) of leases are:

_____% Returned to the lessor
_____% Extended month-to-month
_____% Renegotiated to a new lease
_____% Converted into a new lease/loan
_____% Paid off for cash by dealer or lessee
= 100%

30. Do you allow third party assumptions of the original contract?

___Yes If yes, what percentage were new lease contracts? $_____
___No

31. Do you apply a termination fee on early terminations?

___Yes If yes, what is the amount? $_____
___No

32. Do you apply an end of term fee at maturity?

___Yes If yes, what is the amount? $_____
___No

33. What are your allowable miles per year? _____miles per year

In cents per mile, what is the charge for excess mileage (estimate an average if you have more than one charge)? _____ cents per mile.

34. What are your days and hours of operation (open for business)?

___Monday-Friday ___M-F plus Saturday ___M-F and Sat-Sun
___Regular bank business hours ___Extended evening hours

35. At the end of your most recent fiscal year, what were your delinquencies on indirect auto leases calculated (1) number of accounts delinquent as a percentage of number of accounts oustanding at the end of the fiscal year; (2) dollar amount of leases delinquent taken as a percentage of the dollar amount of leases outstanding at the end of the fiscal year:

Time past due	Numbers of Accounts	Dollar Amounts
31-59 days	_____%	_____%
60-89 days	_____%	_____%
90+ days;	_____%	_____%
Total	_____%	_____%

***Note**: Reported delinquencies should not include repossessed accounts or charged off accounts. Please check if your figures include:*
Repossessed accounts___; Charged-off accounts___.

36. What was your average repo frequency rate during 1991? (that is, the number of repos divided by the total number of accounts outstanding at the end of the fiscal year)
Percent of Accounts _____%

37. What was the total loss on repos as a percentage of gross dollar outstandings?

Percent of Gross Dollar Outstandings _____%

38. What is the average fully loaded cost per repo (pickup to sale) $_____

39. What is average cost to sell a repossessed unit? $_____

40. What is the average net credit loss per repossession (including the above costs)?
$_____

41. What is your 1991 annualized gross credit loss as a percent of average outstandings on indirect auto leases (before recovery)? _____%

42. What is your 1991 net credit loss after recoveries (including proceeds from sale of repossessed vehicles? _____%

43. What percent of gross charge-offs result from bankruptcies? ($ bankruptcies/$ gross charge-offs) _____%

Thank you for completing the Consumer Bankers Association Auto Finance Survey.

Appendix 2.1
TOTAL OUTSTANDING AUTOMOBILE CREDIT BY HOLDER, NOT SEASONALLY ADJUSTED (MILLIONS OF DOLLARS)

		Total	Com. Bank	Finance Company			Total	Com. Bank	Finance Company			Total	Com. Bank	Finance Company
1980	J	$112,692	$67,166	$23,311	1984	J	$145,018	$68,672	$49,476	1988	J	$265,855	$109,583	$98,006
	F	113,013	67,119	24,006		F	148,420	71,152	49,155		F	267,013	110,544	98,093
	M	113,420	66,786	24,759		M	149,672	71,212	49,269		M	269,270	112,214	98,424
	A	113,138	65,837	25,804		A	151,866	72,666	49,386		A	271,380	113,450	98,711
	M	112,612	65,035	26,457		M	156,295	75,312	49,982		M	273,679	114,751	98,906
	J	111,927	64,224	27,118		J	160,277	77,418	50,741		J	277,112	116,403	99,802
	J	111,550	63,472	27,692		J	163,323	79,393	51,399		J	278,866	117,293	100,010
	A	112,237	63,434	28,069		A	166,740	80,936	51,995		A	283,429	120,138	100,439
	S	112,393	63,115	28,453		S	168,711	81,706	51,989		S	285,336	121,811	100,392
	O	112,562	62,779	28,981		O	170,796	82,440	52,386		O	284,924	121,567	100,148
	N	112,186	62,320	29,022		N	172,144	82,951	52,334		N	285,046	122,688	98,884
	D	111,957	61,536	29,375		D	173,633	83,901	51,915		D	284,328	123,392	97,245
1981	J	110,742	60,124	29,789	1985	J	174,623	84,348	52,074	1989	J	286,742	121,265	86,925
	F	110,759	59,579	30,284		F	176,292	85,133	52,163		F	286,153	121,554	85,697
	M	112,547	59,910	31,552		M	180,324	86,657	53,684		M	285,370	121,413	86,028
	A	113,155	59,849	32,153		A	184,304	87,890	55,570		A	287,009	122,304	86,962
	M	113,850	59,819	32,580		M	188,658	88,828	57,923		M	288,966	123,447	88,204
	J	114,945	59,907	33,311		J	192,321	90,099	59,130		J	290,558	124,596	89,312
	J	115,899	59,907	34,125		J	195,419	91,038	60,476		J	290,592	124,389	89,363
	A	117,583	59,745	35,777		A	198,239	91,251	62,201		A	293,129	126,571	89,968
	S	119,478	59,451	37,925		S	205,589	92,183	68,067		S	293,421	126,972	90,217
	O	119,543	58,875	38,786		O	208,512	92,370	70,378		O	294,080	128,215	86,655
	N	119,303	58,394	39,220		N	209,443	92,588	70,024		N	292,966	128,025	85,725
	D	118,984	58,081	39,320		D	210,292	93,012	69,532		D	290,705	126,288	82,721
1982	J	118,503	57,904	39,071	1986	J	212,105	93,222	71,392	1990	J	289,383	126,919	81,918
	F	118,251	57,808	39,098		F	213,321	93,293	72,300		F	288,416	126,814	80,227
	M	118,863	57,868	39,655		M	214,636	93,177	73,451		M	287,644	125,814	79,523
	A	119,873	57,950	40,694		A	217,933	93,831	75,224		A	287,564	126,154	79,295
	M	120,999	57,717	42,070		M	222,256	94,427	78,130		M	288,345	126,752	78,927
	J	122,347	57,868	43,108		J	226,790	95,297	81,206		J	289,259	126,897	78,273
	J	122,178	57,882	42,977		J	231,614	96,570	84,301		J	288,741	126,475	77,716
	A	122,539	57,992	42,975		A	235,488	97,706	86,224		A	289,371	127,647	77,205
	S	123,376	58,542	42,916		S	244,203	99,132	93,077		S	289,169	128,268	78,116
	O	122,922	58,332	42,710		O	248,480	100,244	95,782		O	287,304	127,667	78,033
	N	123,770	58,256	43,511		N	247,403	100,841	93,755		N	285,379	126,544	75,224
	D	125,920	59,555	44,121		D	247,453	101,548	92,458		D	284,813	126,259	74,397
1983	J	123,855	57,135	44,428	1987	J	245,790	101,758	91,360	1991	J	282,214	126,235	72,015
	F	123,838	56,758	44,684		F	244,909	101,890	90,398		F	279,913	124,745	70,287
	M	125,616	56,745	46,149		M	245,826	102,048	90,859		M	277,798	123,411	69,233
	A	126,972	56,865	46,982		A	248,344	102,965	91,861		A	277,508	122,710	70,500
	M	128,514	57,352	47,703		M	250,171	103,780	92,430		M	275,582	121,631	69,689
	J	131,314	58,231	49,041		J	254,096	105,092	94,023		J	275,018	121,605	70,304
	J	133,802	59,695	49,861		J	257,615	106,452	95,697		J	274,222	121,319	70,444
	A	137,276	62,178	50,393		A	261,181	107,523	97,592		A	274,190	120,577	71,571
	S	138,852	63,448	50,244		S	265,298	109,174	99,871		S	273,354	119,730	69,853
	O	140,513	64,780	50,285		O	265,604	108,505	100,268		O	272,092	119,276	69,364
	N	142,046	65,917	50,320		N	265,398	108,780	99,071		N	268,927	118,502	67,907
	D	143,589	67,557	49,810		D	265,771	109,506	98,182		D	268,284	117,494	66,549

Source: Federal Reserve Statistical Release G.19

Appendix 2.2
PERCENT OF TOTAL OUTSTANDING AUTOMOBILE CREDIT BY HOLDER
NOT SEASONALLY ADJUSTED

		Com. Bank	Finance Co.	Pools of Securitized Assets			Com. Bank	Finance Co.	Pools of Securitized Assets			Com. Bank	Finance Co.	Pools of Securitized Assets
1980	J	59.6%	20.7%	0.0%	1984	J	47.4%	34.1%	0.0%	1988	J	41.2%	36.9%	0.0%
	F	59.4	21.2	0.0		F	47.9	33.1	0.0		F	41.4	36.7	0.0
	M	58.9	21.8	0.0		M	47.6	32.9	0.0		M	41.7	36.6	0.0
	A	58.2	22.8	0.0		A	47.8	32.5	0.0		A	41.8	36.4	0.0
	M	57.8	23.5	0.0		M	48.2	32.0	0.0		M	41.9	36.1	0.0
	J	57.4	24.2	0.0		J	48.3	31.7	0.0		J	42.0	36.0	0.0
	J	56.9	24.8	0.0		J	48.6	31.5	0.0		J	42.1	35.9	0.0
	A	56.5	25.0	0.0		A	48.5	31.2	0.0		A	42.4	35.4	0.0
	S	56.2	25.3	0.0		S	48.4	30.8	0.0		S	42.7	35.2	0.0
	O	55.8	25.7	0.0		O	48.3	30.7	0.0		O	42.7	35.1	0.0
	N	55.6	25.9	0.0		N	48.2	30.4	0.0		N	43.0	34.7	0.0
	D	55.0	26.2	0.0		D	48.3	29.9	0.0		D	43.4	34.2	0.0
1981	J	54.3	26.9	0.0	1985	J	48.3	29.8	0.0	1989	J	42.3	30.3	5.3
	F	53.8	27.3	0.0		F	48.3	29.6	0.0		F	42.5	29.9	5.5
	M	53.2	28.0	0.0		M	48.1	29.8	0.0		M	42.5	30.1	5.2
	A	52.9	28.4	0.0		A	47.7	30.2	0.0		A	42.6	30.3	4.9
	M	52.5	28.6	0.0		M	47.1	30.7	0.0		M	42.7	30.5	4.6
	J	52.1	29.0	0.0		J	46.8	30.7	0.0		J	42.9	30.7	4.4
	J	51.7	29.4	0.0		J	46.6	30.9	0.0		J	42.8	30.8	4.4
	A	50.8	30.4	0.0		A	46.0	31.4	0.0		A	43.2	30.7	4.1
	S	49.8	31.7	0.0		S	44.8	33.1	0.0		S	43.3	30.7	4.0
	O	49.3	32.4	0.0		O	44.3	33.8	0.0		O	43.6	29.5	5.1
	N	48.9	32.9	0.0		N	44.2	33.4	0.0		N	43.7	29.3	5.3
	D	48.8	33.0	0.0		D	44.2	33.1	0.0		D	43.4	28.5	6.3
1982	J	48.9	33.0	0.0	1986	J	44.0	33.7	0.0	1990	J	43.9	28.3	6.2
	F	48.9	33.1	0.0		F	43.7	33.9	0.0		F	44.0	27.8	6.6
	M	48.7	33.4	0.0		M	43.4	34.2	0.0		M	43.7	27.6	6.8
	A	48.3	33.9	0.0		A	43.1	34.5	0.0		A	43.9	27.6	6.8
	M	47.7	34.8	0.0		M	42.5	35.2	0.0		M	44.0	27.4	7.0
	J	47.3	35.2	0.0		J	42.0	35.8	0.0		J	43.9	27.1	7.5
	J	47.4	35.2	0.0		J	41.7	36.4	0.0		J	43.8	26.9	7.7
	A	47.3	35.1	0.0		A	41.5	36.6	0.0		A	44.1	26.7	7.6
	S	47.5	34.8	0.0		S	40.6	38.1	0.0		S	44.4	27.0	7.4
	O	47.5	34.7	0.0		O	40.3	38.5	0.0		O	44.4	27.2	7.3
	N	47.1	35.2	0.0		N	40.8	37.9	0.0		N	44.3	26.4	8.2
	D	47.3	35.0	0.0		D	41.0	37.4	0.0		D	44.3	26.1	8.6
1983	J	46.1	35.9	0.0	1987	J	41.4	37.2	0.0	1991	J	44.7	25.5	8.9
	F	45.8	36.1	0.0		F	41.6	36.9	0.0		F	44.5	25.1	9.6
	M	45.2	36.7	0.0		M	41.5	37.0	0.0		M	44.4	24.9	10.0
	A	44.8	37.0	0.0		A	41.5	37.0	0.0		A	44.2	25.4	9.7
	M	44.6	37.1	0.0		M	41.5	36.9	0.0		M	44.1	25.3	9.8
	J	44.3	37.3	0.0		J	41.4	37.0	0.0		J	44.2	25.6	9.5
	J	44.6	37.3	0.0		J	41.3	37.1	0.0		J	44.2	25.7	9.3
	A	45.3	36.7	0.0		A	41.2	37.4	0.0		A	44.0	26.1	9.1
	S	45.7	36.2	0.0		S	41.2	37.6	0.0		S	43.8	25.6	9.8
	O	46.1	35.8	0.0		O	40.9	37.8	0.0		O	43.8	25.5	9.9
	N	46.4	35.4	0.0		N	41.0	37.3	0.0		N	44.1	25.3	9.8
	D	47.0	34.7	0.0		D	41.2	36.9	0.0		D	43.8	24.8	10.4

Source: Federal Reserve Statistical Release G.19

APPENDIX 3

Respondents to the 1991 Survey

American Federal Bank, FSB
Bancorp Hawaii
Bank IV
Bank of America
Bank of Delaware
Bank of the West
Bank One, Cleveland
Bank One, Dayton
Bank One, Indianapolis
Bank One, Madison
Bank One, Mansfield
Bank One, Middletown
Bank One, Milwaukee
Bank One, Texas
Bank One, Youngstown
Bank One Acceptance, Columbus
Banks South
Barnett Banks, Inc.
Baybanks Credit Corporation
Beneficial Savings Bank
Bucks County Bank
Central Bank of the South
Central Carolina Bank & Trust Company
Champion Federal Savings and Loan
Chase Manhattan Bank
Chemical Bank
Citibank, New York
Citibank, Puerto Rico
Compass Bank for Savings
Continental Bank
Comerica Bank-Detroit
CoreStates First Pennsylvania Bank
Crestar Bank
D&N Bank
Dominion Bank Shares Corporation
Fireside Thrift
First Alabama Bank
First American Bank of New York
First Citizens Bank, South Carolina
First Citizens Bank, Indiana
First Eastern Bank
First Hawaii Bank
First Interstate Bank of Arizona
First Interstate Bank of Utah
First National Bank of Commerce
First National Bank of Gainesville
First Security Bank of Idaho
First Union National Bank
First Valley Bank
First Vermont Bank and Trust Company
Friendly Bank of Oklahoma City
Fulton Bank, East
Gainer Bank
Georgia Federal Bank
Hamilton Bank
Huntington National Bank
INB National Bank
INB National Bank, Northwest
Integra Bank
Key Bank of Maine
Key Bank of New York
Key Bank of Utah
Liberty National Bank
Liberty National Bank and Trust
Long Island Savings Bank, FSB
M&T Bank
Manufacturers Bank
Marine Bank
Mellon Bank
Mercantile Bank of St. Louis
Meridian Bank
Mid State Bank
Mitsubishi Motor Credit of America
National Bank of Virginia
National Westminster Bank
Nationsbank/NCNB
Northern Central Bank
Northern Trust Bank
Northestern Bank
Norwest Bank of Minnesota
Old Phoenix National Bank
One Valley Bank of Morgantown, Inc.

Peoples Heritage Savings Bank
Pittsburg National Bank
PNC National Bank of Delaware
Riggs National Bank
Seafirst Bank
Sears Consumer Financial Corporation
Second National Bank of Saginaw
Security Automotive Funding
Security Pacific Auto Finance
Security Pacific Bank of Arizona
Shawmut National Corporation
Society National Bank
South Trust Bank of Alabama
Standard Federal Savings Bank
State Bank of Standish
Sun Bank
Talman Home Federal Savings and Loan
Association of Illinois
Trustmark National Bank
U.B. Vehicle Leasing
Union Bank Consumer Loan Administration
United States National Bank of Oregon
Valley Bank of Nevada
Wachovia Bank of Georgia
Wells Fargo Bank California
Wilmington Trust Company
York Bank and Trust Company

The Consumer Bankers Association was founded in 1919 to provide a progressive voice for the retail banking industry. CBA represents approximately 900 federally insured banks and thrift institutions that hold more than 80 percent of all consumer deposits and more than 70 percent of all consumer credit held by federally insured depository institutions.

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